



MINUTES OF THE

1994 ANNUAL MEETING OF SHAREHOLDERS

OF NOVA SCOTIA POWER INCORPORATED

*Held on Thursday, April 27, 1994
at Halifax, Nova Scotia*

Minutes of the 1994 Annual Meeting of Shareholders of Nova Scotia Power Incorporated

The 1994 Annual Meeting of Shareholders of Nova Scotia Power Incorporated was held at 11:00 a.m. on Wednesday, April 27, 1994 in the World Trade and Convention Centre, Halifax, Nova Scotia.

CHAIRMAN AND SECRETARY

In accordance with the Company's Articles of Association, Mr. J.A.F. Macdonald, Q.C., Chairman of the Board, presided as Chairman of the Meeting and Mr. R.J. Smith, Secretary and General Counsel of the Company, acted as Secretary.

SCRUTINEERS

With the consent of the Meeting, Mr. Wade E. Des Roches and Mr. Andrew G. London of Montreal Trust Company of Canada, the Company's Registrar and Transfer Agent, were appointed Scrutineers.

QUORUM

The Chairman stated that there was a quorum present at the Meeting based on the registration of shareholders at the Meeting and the proxies submitted.

NOTICE OF MEETING

The Chairman advised that the Notice of Meeting had been duly published and sent to all shareholders of record as of March 14, 1994. He directed a copy of the Notice of Meeting, together with proof of mailing, be kept with the record of the Meeting. The Secretary read the Notice and the Chairman declared the Meeting duly called and properly constituted for the transaction of business.

MINUTES OF PREVIOUS MEETING

The Chairman stated that Minutes of the shareholders' meeting held in Halifax on April 22, 1993, had been mailed to the shareholders. The Minutes recorded properly the proceedings of that meeting since no amendments thereto had been suggested.

INTRODUCTION OF SPECIAL GUESTS

The Chairman welcomed the Lieutenant-Governor, the Honourable Lloyd Crouse as well as the Honourable Gerald Regan, a former chairman of the Company's predecessor, Nova Scotia Power Corporation.

The Chairman introduced a number of special guests including the 1994 Centennial Scholarship winners Krista Mosher and Sara Stout from Mount Allison University; Terri Underwood from Dalhousie University; and Geoffrey MacGillivray from St. Francis Xavier University (*in absentia*). The Centennial Scholarships are awarded by the Company to engineering students studying at universities associated with the Technical University of Nova Scotia's engineering program.

The Chairman also introduced three Company employees - Mr. Thane MacDonald, Mr. Maurice Wolfe and Mr. David Llewellyn - who assisted in rescuing a man lost in the woods during conditions of extreme cold and deep snow.

AUDITOR'S REPORT TO SHAREHOLDERS

The Chairman advised that the Company's comparative financial statements for the period ended December 31, 1993, together with the Auditor's Report had been forwarded to the shareholders by mail. The Auditor's Report to shareholders was then read by the Secretary.

FINANCIAL RESULTS - 1993

Mr. Louis R. Comeau, President and Chief Executive Officer, reviewed the financial performance of the Company for 1993. A summary of his review is set out below.

The past year represented the first full year as an investor-owned utility and was a good year from a financial perspective and this year, 1994, marks our 75th anniversary.

In the past year, one of our foremost priorities was to gain the confidence of investors and members of the financial community.

Perhaps the broadest indicator of our performance is the fact that we achieved the rate of return allowed by our regulator, the Nova Scotia Utility and Review Board. That is to say, an allowed annual return on equity in the range of 11.5 to 12 percent.

Net income for shareholders was \$91.5 million, which works out to earnings of \$1.07 per common share.

Nova Scotia Power shares have also performed well by comparison with other utilities in other companies listed in the TSE 300 Index and in October The Toronto Stock Exchange placed Nova Scotia Power among the TSE 100. We are the only utility in Atlantic Canada on that Index.

In response to interest by shareholders, we established a dividend re-investment plan to build and maintain the common equity of the Company. I fully expect to see more and more shareholders taking advantage of the plan during the coming year. And, as that happens, it will decrease our need for outside borrowing.

Our capital programs have decreased significantly. The Point Aconi Generating Plant is the last major capital project your Company has planned for this century. In these circumstances, we can finance all foreseeable plant and system improvements directly out of operating budgets without further borrowing other than that involved with the refinancing of our long-term debt.

As indicated in the 1993 Annual Report, the total revenue was \$738 million; up approximately \$30 million from last year. The actual amount of retained earnings for use in the Company was \$27.6 million. Total assets of the Company were valued at \$2.6 billion and with our total number of customers throughout the Province increasing to 410,000 in the year, we realized total electric energy sales of 8.8 billion kilowatt hours.

SCRUTINEERS' REPORT ON ATTENDANCE

The Secretary read the Scrutineers' Report advising that there were present at the Meeting, in person or represented by proxy, 39,388,405 shares of the Company, which represents 31 percent of the shareholders and 46 percent of the shares.

The Chairman directed that the Report be kept on file with the record of the Meeting.

CHAIRMAN'S REMARKS

The Chairman made the following remarks:

Mention has already been made of the fact that while this is only the second annual general meeting of Nova Scotia Power Incorporated, 1994 marks the 75th anniversary of the founding of the utility.

On May 17, 1919, the Nova Scotia Legislature passed "An Act Respecting the Development of Electrical Energy from Water Power and Other Sources" and thereby created the Nova Scotia Power Commission.

75 years is a significant milestone for an organization; it ought to be marked in a suitable manner. We plan to mark our anniversary by investing in young Nova Scotians.

I am pleased to announce today that Nova Scotia Power has established a program of special 75th anniversary scholarships to be awarded this year. These special scholarships are in addition to our existing and continuing scholarship programs.

A 75th anniversary scholarship will be awarded in each of the 22 school districts in Nova Scotia to students who have risen above personal adversity to achieve a level of academic merit. The scholarship will be awarded to students planning to attend a post-secondary education program, including business school, community college or university.

I am also pleased to announce the launching of an Employee Scholarship Program. This program will be open to all children of Nova Scotia Power employees who are planning to attend any post-secondary program and will consist of four separate one-year scholarships.

Over the next few months we will be announcing other activities to mark our 75th anniversary and we will keep our shareholders informed as we proceed with our anniversary celebrations.

BUSINESS OF MEETING

Upon completion of his remarks, the Chairman then reminded the shareholders that the business of the Meeting was to:

- elect Directors to serve for the ensuing year;
- appoint auditors;
- authorize the Directors to fix the remuneration of auditors; and
- consider a resolution to approve a Stock Option Plan for Executive Officers.

He stated that each resolution placed before the Meeting would be an ordinary resolution requiring for its approval a simple majority of the votes cast in person or by proxy and that the voting on the resolutions would be by ballot. The Chairman requested that those shareholders who had not submitted a proxy complete a ballot.

Election of Directors

It was moved by Mrs. Doris Wells and seconded by Mrs. Margo Hampden, both Company shareholders, that:

the following be elected as Directors of the Company for the ensuing year or until their successors are elected or appointed:

Mr. Louis R. Comeau, Halifax, Nova Scotia;
Sir Graham Day, Hantsport, Nova Scotia;
Marc de Logeres, New York, New York;
Thomas R. Hall, Port Hastings, Nova Scotia;
Joseph A.F. Macdonald, Q.C., Halifax, Nova Scotia;
M. Edward MacNeil, Sydney River, Nova Scotia;
Derek Oland, Halifax, Nova Scotia;
Dr. Elizabeth Parr-Johnston, Halifax, Nova Scotia;
Kenneth C. Rowe, Halifax, Nova Scotia;
Rosemary Scanlon, New York, New York; and
Paul D. Sobey, New Glasgow, Nova Scotia.

Appointment of Auditors

It was then moved by Mr. Garry Rice and seconded by Mrs. Helen Hartley, both shareholders of the Company, that:

the firm of Ernst & Young, Chartered Accountants, be and they are hereby appointed auditors of the Company to hold office until the close of the next annual meeting of shareholders or until their successors are appointed.

Authorization for Directors to fix Auditor's Remuneration

It was then moved by Mr. Joe Malcolm and seconded by Mr. Joe MacLellan, both shareholders of the Company, that:

the Directors of the Company be and they are hereby authorized to fix the remuneration of the auditors for the current year in such amounts as they may in their discretion determine.

Approval of Executive Stock Option Plan

It was then moved by Mr. Doug Gray and seconded by Mrs. Cathy Walsh, both shareholders of the Company, that:

the Executive Stock Option Plan of the Company approved by the Board of Directors on February 11, 1994 be and the same is hereby approved.

The Chairman then requested that those shareholders who had not already voted, submit their ballots.

PRESIDENT'S ADDRESS

The President and Chief Executive Officer, addressed the Meeting. His address is attached to these Minutes.

SCRUTINEERS' REPORT ON VOTING

The Secretary then read the Scrutineers' Report on voting, advising that the resolutions before the Meeting had been carried by more than the required majority vote. The Chairman declared all of the motions carried.

EMPLOYEE RECOGNITION

Sir Graham Day, a Director of the Company, addressed the Meeting acknowledging the efforts and contributions of the employees of the Company.

SHAREHOLDERS' QUESTIONS

The Chairman concluded the formal business of the Meeting and opened the Meeting to questions from shareholders. Eight individuals raised issues to which the Chairman and the President and Chief Executive Officer replied.

MEETING CONCLUDED

There being no further business, the Chairman thanked those present for their attendance and declared the Meeting concluded.

Joseph A.F. Macdonald, Q.C.,
Chairman

Richard J. Smith,
Secretary

President's Address to Shareholders 1994 Annual Meeting

Last year, at your Company's first annual meeting since its privatization, I began my remarks by pointing out that the occasion was a historic one, and so it was. This year it is doubly so. This annual meeting marks our first full fiscal year of operation as a shareholder-owned company and it marks the Company's entry into the 75th year of operation since our founding in 1919 as the Nova Scotia Power Commission.

The evolution of the Company has been rich in events and associations. In the early years of power development in Nova Scotia, the industry was fragmented to the extent of being more than 100 companies of various kinds and capabilities producing electricity for sale in the province.

One by one, the best and strongest of these joined together until now, your Company, Nova Scotia Power Incorporated, generates, transmits and distributes virtually all of the electrical energy used by industries and consumers in every corner of the province. And we do so with responsibility, with profitability and with a company-wide commitment to quality and efficiency in every aspect of our service.

One of the most important challenges of the past year was for Nova Scotia Power, as a new player in the publicly-traded arena, to gain the confidence of the financial community and of its investors. That was a big challenge.

The fact that we have done so is a very real reflection of the confidence with which we responded to the internal and external challenges that faced us. Now we can look back on them as accomplishments - un fait accompli - even as we look forward to further change, more challenges and greater successes in times to come.

I would like to touch on both things - our accomplishments and our future challenges - in my remarks today.

Two things were particularly clear to everybody in the Company throughout the past year. One, as I have mentioned, was the need to gain the confidence of the Canadian financial community and investors everywhere. I think the measure of the confidence we have gained is our \$4.4 billion of transactions last year. The other clear challenge was the continuous need to reach new levels of effectiveness and productivity in our operations. We took decisive action toward both objectives, which I will talk about in greater detail as I go on.

One word is really all we need to convey the means through which we met our objectives, and will continue to meet them. Whether it be the attraction of investment capital for our Company; our status in the labour market; the quality and cost of our service; or our ability to contribute to the economy of the entire province, we need competitiveness to achieve it.

Competitiveness must be measurable. It must come with benchmarks that really mean something in the marketplace. It must translate into deliverables.

We must offer you, our shareholders, an investment that gives good quality and provides high reliability. We must attract and retain people in this Company with the kinds of skills and the level of work ethic that keep us on the leading edge. We must deliver a product that is, dollar for dollar, more valuable to customers than other energy sources.

Not too long ago - well within the memory of most of us here - telephone companies and cable television companies were thought of as separate and largely unrelated monopolies. Telephone companies carried voice signals by wire to subscribers. Cable companies delivered a package of selected television signals to subscribers via coaxial cable.

Look what's going on today. Deregulation, satellite technology, fibre optics, interactive systems, integrated data systems. These and other factors have changed the way business is done.

The same massive change that is going on in telecommunications now faces us. We are competing with other utilities across the country in other forms of energy. Electric power utilities have already been partially deregulated in some jurisdictions. Technologies are emerging that may provide large energy customers with the option of self-generation. There may even be the prospect of producers someday sharing a common distribution system.

We must accept these possibilities, not as vague threats to our traditional way of doing business, but as potential opportunities. We must begin to deal with them before they happen - not afterwards. Like many other major corporations in this country - the airlines, the telecommunications firms, the railways - we must concentrate on getting better at what we are here to do; on re-inventing ourselves; on keeping our focus.

Nova Scotia Power's corporate history, from its beginning 75 years ago, has been one of consolidation - of gaining critical mass and extending its reach to encompass the entire province. I suppose it is not only understandable, but inevitable that we came to be regarded as a sole supplier, as a business without any competition.

Well there is no justification at all in thinking of Nova Scotia Power in such a way today and it is one of our most important tasks to do away with that concept because as energy providers we are by no means a sole supplier. For instance, look at the market for Nova Scotia energy. Nova Scotia Power provides only 19 to 20 percent of the total energy in this province - the rest is coming from other sources. Like all major companies in all sectors, we too, face competition. We do not have a "lock" on the energy market. People are aware of the alternatives that are, or soon will be, available to them, as deregulation, new technologies, the whole spectrum of other possibilities come about. Those customers who do not find our product price a good value or delivered up to a high standard of quality, will look elsewhere and Nova Scotia Power must be ready for these new challenges.

While the ways and means of reaching our goal may be, and often are, incredibly complex and demanding, the goal itself is quite a simple one. In today's business climate whether it's a company, whether it's a government, whether it's an economy - competitiveness is the very essence of survival.

Unless we are able to provide reliable electrical energy at competitive, stable rates in a safe and environmentally-sound way, Nova Scotia Power will lose out to other energy providers.

But if we do our work right, there's plenty of room for Nova Scotia Power to grow to the benefit of both the Company and the provincial economy. Nova Scotians, you know, are not big users of electricity in comparison with other parts of Canada. In fact, consumption here is significantly lower than the national average. Our way to responsible growth is not to encourage wilful use of our product. It is to guarantee business customers, and customers generally, that they will have the advantage of reliable power, quality power, of efficient power, an efficient supply of reasonably priced high-quality products that will help them grow.

We began the drive to change that. And as the President and Chief Executive Officer of your Company, I believe we are doing very well in that regard and we have been successful in this mission. I believe we are doing a lot of the right things. You, as shareholders, quite rightly want to know exactly what reason I have for feeling this way.

Well, let me put some of our measurable results before you. Rate increases over the past ten years would seem to be one of the obvious figures, and a concern to everybody, to examine. And over that time, our rates have increased 19 percent over the last ten years. Let's see where that fits with other relevant economic indicators. During that same decade, the national average increase in electric rates was 56 percent. The consumer price index increased 48 percent. We still have things to do but we've done well in that regard.

We have quite simply kept rate increases to one-third those of the average Canadian power utility and we are committed to zero increases in 1994. Those things to me are hard proof of greatly increased competitiveness - measurable competitiveness.

As our rates compare more and more favourably with other Canadian provinces, we must also bear in mind that Canadian rates per se are the second best in the world. Only New Zealand, according to the latest figures available, offers better rates among 19 industrialized countries.

Electricity rates in Germany, Turkey, and Switzerland are twice those of Canada. Portugal and Japan have rates that are three times greater than ours. And the average cost of electrical power in the United States is 17.5 percent higher than Canada's but our objective is to compare ever more favourably with the average rate of a country that already compares favourably with the rest of the world. How will we come to move toward this objective?

Well, I can tell you that every part of the Company, every person in the Company, is involved in some way in making your Company more competitive. Infrastructure, operations, systems, internal and external communications, purchasing, office routine, compensation - all of these and more are among the areas we are addressing in keeping rates down and building productivity up.

Over the past 18 months or so, we have implemented an effectiveness program to do just that and under the program all job functions have been evaluated, some positions eliminated, other new ones were created. In 1993 the Company improved productivity by 18 percent while reducing the number of positions by about 400.

We were able to accomplish this, I am glad to say, in the least disruptive way. Sure employees were concerned. Sure there was a big challenge with employees but attrition and reassignment took care of a good deal of the reduction. The effectiveness program led us to reviewing all our processes and all the processes that go in the Company and we asked ourselves this question: Are we as effective as we can be as a company?

In answer to this we established a Business Process Improvement Program, or BPI, under which teams of employees looked at various processes within the Company. These employees identified more than 20 processes for improvement and the creative thinking of these groups have resulted in brand new and better ways of serving our customers.

My message to you, as shareholders, is that we are striving to be the best - the best in customer service, best in safety measures, best in environmental practices. And in comparison to other utilities of our standing, the best in shareholder returns.

We want everybody - customers, shareholders and employees alike to feel good about their utility. We want it recognized that Nova Scotia Power is doing all it can to be the best and, of course, that's the theme of the Annual Report which you all received.

To this end, I will recommend to the Board of Directors that the Company stick to being a utility - that this utility concentrate on what it knows best and does best. We should refrain from any temptation to get involved in businesses unrelated to utilities, businesses that we know little or nothing about. We have room to grow simply by doing the things right in this province and the field to which we belong and some of that relates to technology.

"Doing things right" involves a strong sense of responsibility. Customers are concerned about the way we generate power. Customers want safe and reliable power - power that is economically sound, efficient and environmentally right.

Today, hydro contributes only between 11 and 12 percent of the province's electrical requirements, and there is no prospect of future development. During the 75-year corporate history of Nova Scotia Power, thermal generation grew to become the source of some 90 percent of our product. With nuclear facilities prohibited under provincial law, and nuclear facilities too large anyway, and solar, tidal and wind generation still not yet economically developed, thermal power must satisfy our foreseeable demands.

In examining policy with respect to power rates, we agreed to move away from oil. We wanted stable fuel prices, security of supply. Nova Scotia coal provided that and 15 years ago we shifted from oil to coal and hand in hand with the shift came technologies making coal more environmentally acceptable.

We now have access to several leading-edge technologies that will help us use coal efficiently, effectively and relatively economically in power generation. One of the most promising is integrated coal gasification combined cycle - a technology with a long name and a short purpose - simply to increase efficiency and reduce emissions.

Point Aconi will be using circulating fluidized bed technology and will be one of the cleanest coal-burning generating stations in the world.

While on the subject of coal, I would like to take this opportunity to address the misconception held by some people that we in Nova Scotia are the largest, or anywhere near the largest, Canadian users of coal in thermal power generation. Well statistics tell another story. In fact, this province is a distant fourth behind Ontario, Alberta and Saskatchewan. Saskatchewan burns well over three times what we do at about 8.5 million tonnes. Ontario burns more than four times what we do at about 10 million tonnes and Alberta consumes almost 24 million tonnes; over ten times our coal consumption for power generation purposes.

But to return to technology, district heating is another important concept we are actively examining. It allows a thermal plant to deliver more energy per unit of fuel consumed through a hot water heating system by using heat that would otherwise be dissipated after driving the turbines. We know from engineering studies that district heating out of our Tufts Cove Plant right here is technically feasible.

Nova Scotia Power estimates that this 210 megawatt district heating network would bring a metro-wide reduction of carbon dioxide as well as reducing sulfur dioxide and nitrous oxide emissions. Importantly, it could eliminate a number of low stacks in central metro that do not control and dissipate emissions as well as a plant like Tufts Cove.

So other technologies are contributing more and more to our effectiveness as are fibre optics for communications and control, we use that an awful lot; and the growing automation and computerization of systems throughout the Company.

Which leads me to the subject of environmental responsibility. It is a value - a value that enters into virtually every business strategy, every capital expenditure that we make, every corporate change that we make. Your Company subscribes fully to the principle of sustainable development and it would be unthinkable to do otherwise anyway. Our business must support us economically but not at the expense of making our world a less fit place for everyone to live. So we must support, we must maintain, we must improve the life-giving qualities of the world around us. Competitiveness, yes, we have to be competitive, but environmental responsibility, too. In fact, like other utilities, and like many other industries throughout Canada, we believe that Canadian business should go beyond responsibility to leadership.

At Nova Scotia Power we have taken major steps in reducing herbicide use, in taking PCBs out of our system and disposing of them safely. Emissions from plants are always a concern and we are continually working to improve controls and making that more acceptable.

Working with the Departments of Environment and Fisheries, we are involved in such projects as improved fish ladders, scientific studies and habitat restorations in locations throughout the province.

Our corporate commitment to ecological responsibility is reaffirmed in the formal statement of environmental principles that we proclaimed during 1993. The statement is based on the environmental citizenship principles contained in Canada's Green Plan.

We advocate the wise use of energy in many ways at many levels. Our PowerSmart Program of activities is probably the most visible way in which we encourage and assist our customers in good practices in the efficient use of electricity.

Nova Scotia Power also joins forces with the Clean Nova Scotia Foundation and two other major Canadian businesses in supporting the highly valuable community activities that they do.

Yet another partnership we are continuing is with the Nova Scotia Youth Conservation Corps, supporting their work to provide habitat for endangered species of birds.

And perhaps it goes without saying that within the Company all of us continue not only to follow, but to step up our attention to the "three R's" - which is reducing, reusing and recycling - in every way possible in the corporate offices and in the field.

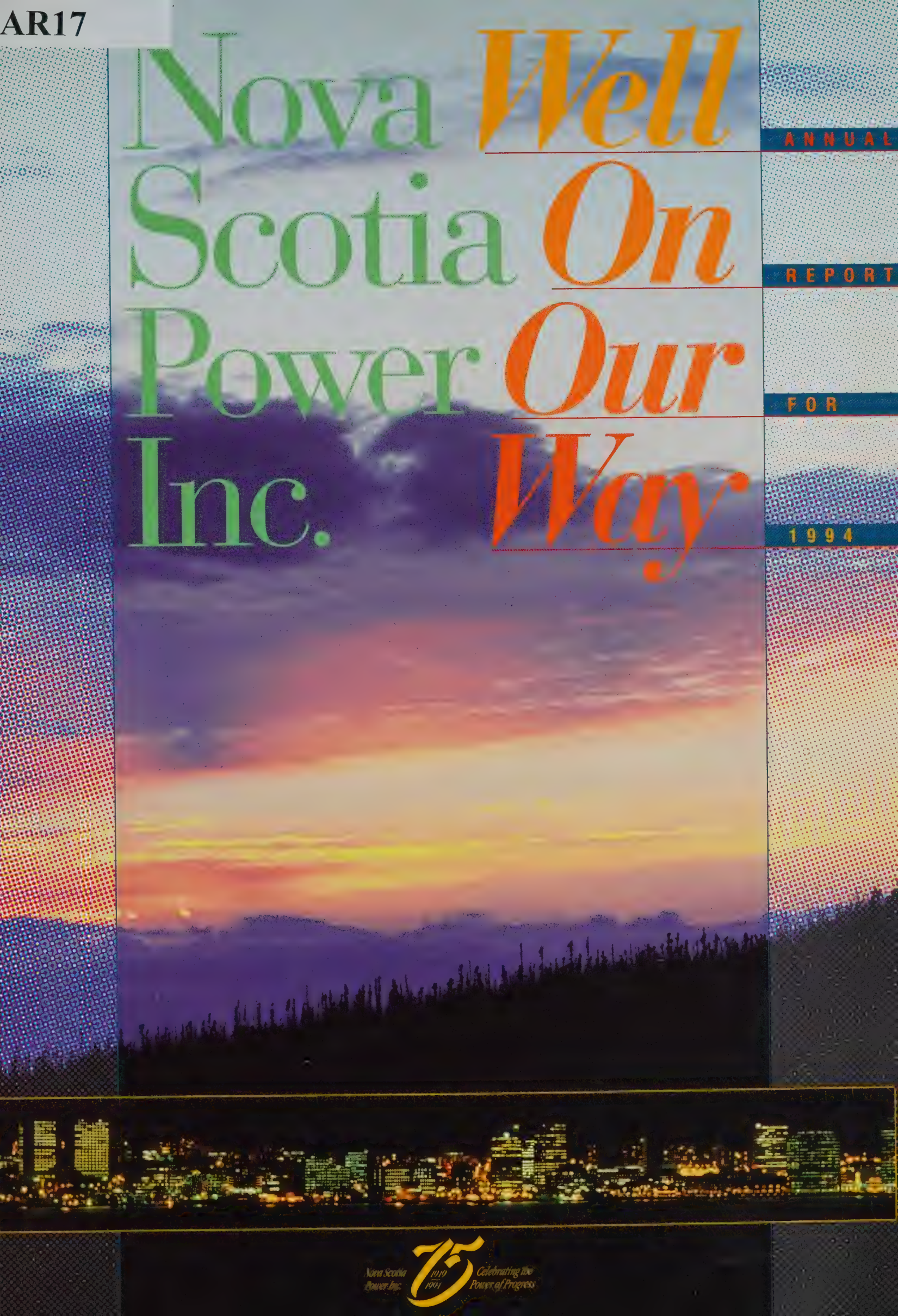
Finally, I want to end my remarks today by extending thanks to some very important groups. First, our employees. I hope I have already conveyed a full appreciation of just how important the hard work and the loyalty of our employees has been in the Company during a very notable year and I want to amplify the thanks of both management and the Board and to speak on behalf of fellow shareholders in expressing great gratitude to this outstanding group of people.

Your Board of Directors, new to the job when appointed just over a year ago, have performed diligently and well, and the Company owes them a strong vote of thanks as well. They reflect the vision, the skills and the high credibility required of a major organization our size establishing itself as a participant in the private sector. They have guided the policies and strategies that are bringing Nova Scotia Power into a century of great promise and opportunity and our thanks goes to you as well.

The confidence shareholders have displayed through the response of the Company's initial share offering has directly translated into an incredibly rapid acceptance as a company not only of solid credibility, but of great stature amongst the publicly-traded companies of Canada.

I pledge to you that those of us who are entrusted with your confidence will continue to do everything within our power to continue to deserve it. We will continue to be the best. Thank you very much.

Louis R. Comeau
April 27, 1994



Nova Scotia Power Inc. *Well On Our Way*

ANNUAL

REPORT

FOR

1994



Nova Scotia Power Inc. generates, transmits and distributes electricity in Nova Scotia. Its transmission system is province-wide and provides approximately 94% of the generation, 99% of the transmission and 95% of the distribution of electric power in Nova Scotia. Nova Scotia Power, an investor-owned utility, is included in the TSE 100.

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Financial Highlights

<i>Year ended December 31</i>	<i>1994</i>	<i>1993</i>
Total revenue	\$ 715,600,000	\$ 709,100,000
Net earnings applicable to common shares	\$ 94,000,000	\$ 91,500,000
Total assets	\$ 2,760,600,000	\$ 2,679,000,000
Capital expenditures	\$ 94,700,000	\$ 125,900,000
Total customers	415,207	410,692
Total employees	2,181	2,213

Supplemental Financial Data (Unaudited)

Quarterly financial information

<i>millions of dollars</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>
1994				
Revenue	\$ 209.4	\$ 166.6	\$ 155.1	\$ 184.5
Earnings before interest and income taxes	86.8	58.4	48.4	70.4
Earnings before income taxes	47.5	20.4	8.9	35.0
Net earnings before dividends	47.3	20.2	8.6	34.7
Dividends on preferred shares	4.2	4.3	4.2	4.1
Net earnings applicable to common shares	\$ 43.1	\$ 15.9	\$ 4.4	\$ 30.6
1993				
Revenue	\$ 200.3	\$ 167.8	\$ 156.1	\$ 184.9
Earnings before interest and income taxes	84.5	72.8	34.5	68.9
Earnings before income taxes	42.1	30.3	(5.5)	33.3
Net earnings before dividends	40.2	28.8	(5.4)	31.8
Dividends on preferred shares	0.0	0.0	0.0	3.9
Net earnings applicable to common shares	\$ 40.2	\$ 28.8	\$ (5.4)	\$ 27.9

Note: The figures have been reclassified to conform with the financial statement presentation adopted for 1994 as a result of the change in the Company's income tax status. Interim results are not necessarily indicative of results for the full year due primarily to seasonal factors. Sales and production levels change significantly over the year as a result of marked differences in temperatures and daylight hours.

*It has been a good year
for Nova Scotia Power.*

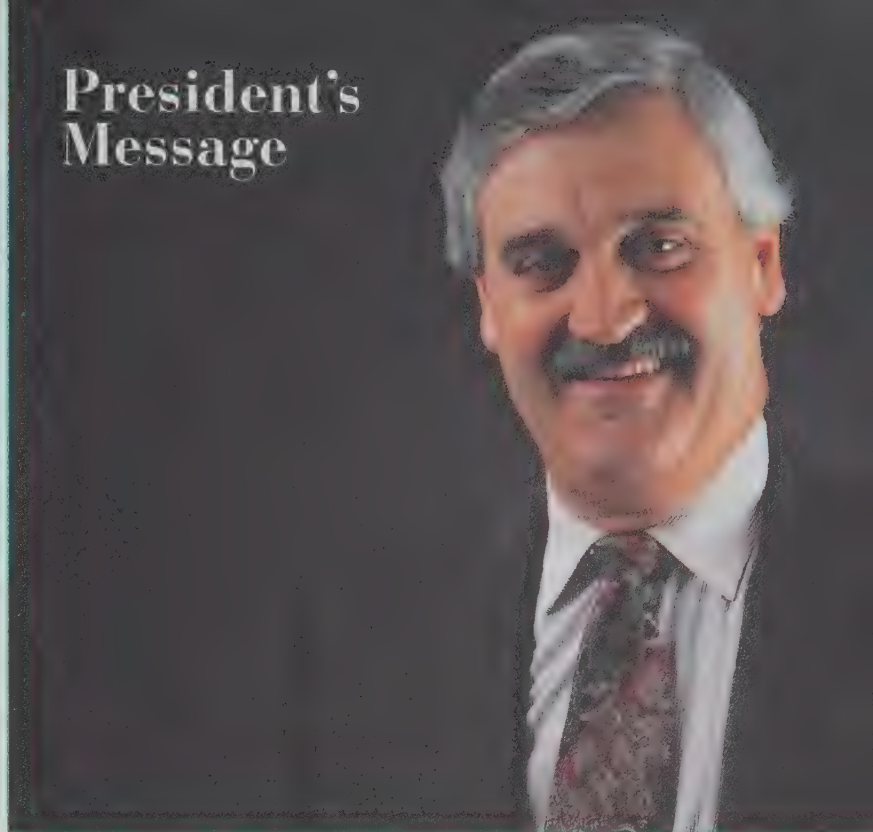
*It is clear that the new
objectives and values that
drive the company and its
people are right for us.*

During the past fiscal year we have achieved our operating objectives without having to apply for a rate increase; we have produced the maximum rate of return permitted by the Utility and Review Board – a return on common equity of 12%; we have achieved net earnings applicable to common shares of \$94 million, an increase of 2.7% over 1993. And all this in the face of a relatively flat growth in electrical demand.

1994 was marked in particular by two very special events: the Point Aconi Generating Station was officially opened, and the Company observed its 75th year of service to Nova Scotians. Over 75 years, your Company has grown from a set of blueprints for government-managed hydro development to a privately-owned utility operating one of the world's most advanced power facilities. The Company marked this milestone in various ways, among them, 22 young Nova Scotians were awarded scholarships, and we hosted a major conference of business and government leaders on economic renewal.

Nova Scotia Power continued to enjoy the confidence of investors during 1994. In August, the Company issued \$100 million 25-year debentures and two mid-term notes totalling \$100 million. Our long-term debt carries a credit rating of A(Low), reflecting a strong, secure image in the eyes of the investment market. Our capital structure, as approved

President's Message

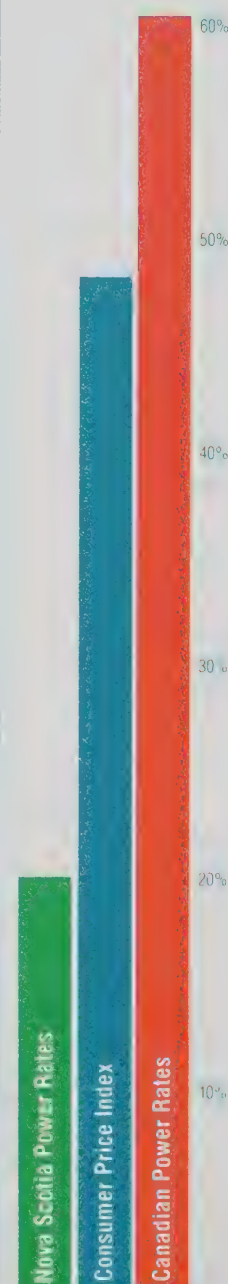


L.R. Comeau
President and
Chief Executive
Officer

by the Utility and Review Board, is 41 to 45% equity and 55 to 59% debt, with approximately 8 to 10% of the total capital comprised of preferred shares.

Nova Scotia Power's performance throughout the past year was good news for customers as well. In 1994, we did not raise our rates, demonstrating our growing ability to bring great effectiveness to our operations. One indicator of this is the fact that since 1983, Canadian power rates have gone up 60% and the Consumer Price Index has risen by more than 47%, while Nova Scotia Power's rates went up less than 20% during that time.

The quality of the environment continues to be a priority with Nova Scotia Power. A good example of the level of this concern is the technology employed at the Point Aconi Generating Station. One of the factors that contributes to making Point Aconi an absolutely front-line facility is its circulating fluidized bed boiler – the largest in the world. This technology reduces sulphur dioxide emissions by 90%, and also produces decreased levels of nitrogen oxide. We are proud of our ability to contribute to a better, cleaner environment.



No progressive energy producer can afford to ignore the great, global changes facing the energy sector. Ours is an industry that will continue to demand the very best of those who want to lead the way – as Nova Scotia Power fully intends to do. In keeping with world-wide trends, the Canadian electric power industry will become less regulated during the coming years. That is why it is essential for our company to be cost-competitive with other utilities and to be both aggressive and inventive in pursuing opportunities. We are convinced that there are areas related to our traditional core business that hold considerable promise for a company determined to excel at delivering energy to customers.

In November of the past year, we introduced our Strategic Business Plan entitled *"To Be The Best"*.

The Plan is the result of considerable hard work and innovative thinking. Its objectives are challenging but not complex. There are four major strategies we must implement to achieve success:

- 1) Develop new business ventures in core-related businesses to enhance company growth;
- 2) Develop alternate fuels for cost and environmental reasons;

- 3) Reduce the cost and improve the quality of electrical power and energy services; and
- 4) Improve the effectiveness of the organization through technology, training and teamwork.

The climate at Nova Scotia Power is right for such an initiative. In 1995, we shall see concrete examples of our ability to use these corporate strategies to produce results in the short term, as well as the long term.

The text of our Annual Report provides a more detailed perspective of what Nova Scotia Power has accomplished during fiscal 1994 in all the main components of the company: marketing, customer service, production, environment, finance and human resources. It also offers some insights as to where the company is going.

There is a great new sense of mission that binds all areas of the company and all who work at Nova Scotia Power into one determined and energetic team.

Our common goal is this:

"To be the most effective energy company in Canada, providing the best possible level of customer satisfaction and shareholder value."

We are well on our way.



L.R. Comeau

President and Chief Executive Officer

In the Best. • That is the goal that lies ahead of Nova Scotia Power and the title of the new *Strategic Business Plan* to which we are now working. It declares our determination, our vision and the way in which all our people will be carrying out their tasks during the next ten years – years of unprecedented change and progress for the Company. • The implications are explicit: the Company and its employees understand the principles of continuous improvement and sustainable economic development and stand ready to do whatever is necessary to achieve them. The capability is there; the spirit is strong; the momentum has already gathered. • This Annual Report contains more than a review of what the Company has encountered over the past fiscal year. It is dedicated to a coming decade of hard work and innovation in the interests of shareholders, customers and employees.

It is our new blueprint for the future.

Understanding the Customer

Customer service is our primary focus. Marketing is what brings us closer to customers and proclaims the advantages of our product as measured against others.

Together, customer service and marketing determine the character, the competitiveness and the success of Nova Scotia Power as a supplier. In these areas we work to build a better product and a stronger position in the market.

There is great opportunity for development in both these essential functions. Less than 20% of all energy consumed in Nova Scotia is electricity. Demand has been relatively flat coming out of the recession, with the 5 to 7% growth rates of the 1980s having dropped to between 1% and 2% in 1994. That leaves a lot of room for growth in electricity sales. As well, each alternate energy product or service outside our core business that we can competitively provide represents a chance to open up a profitable niche.

We have been actively exploring such market opportunities. Just as one example, the Company has been discussing District Heating with major customers in the Halifax/Dartmouth area. Retiring their own heating plants in favour of piped-in hot water recovered from the Tufts Cove Generating Station could be beneficial for the Company and the customer.

The Company continues to keep a high and positive profile in the Nova Scotia consumer market. An assertive print and television advertising campaign launched in November stresses the benefits of electric home heating over oil-fired furnaces. As part of the initiative, we provide customers with direct access to energy advisors through a 1-800 telephone number.

And, after having participated in the Power Smart initiative for a number of years, Nova Scotia Power became a part owner of this proprietary customer awareness program during 1994. Power Smart is used by a number of Canadian utilities to promote energy efficiency. The "Power Smart Saves" label on electrical products is a particularly effective aspect of the program, alerting consumers to savings while encouraging retailers to promote products that have won Power Smart endorsement.

Another Power Smart initiative underway at Nova Scotia Power is the Opportunities Workshop. This is a two-day energy savings seminar for commercial and industrial customers. The value of these sessions to large customers is clear. But the consultation and energy audit process also helps the Company to gain fuller understanding

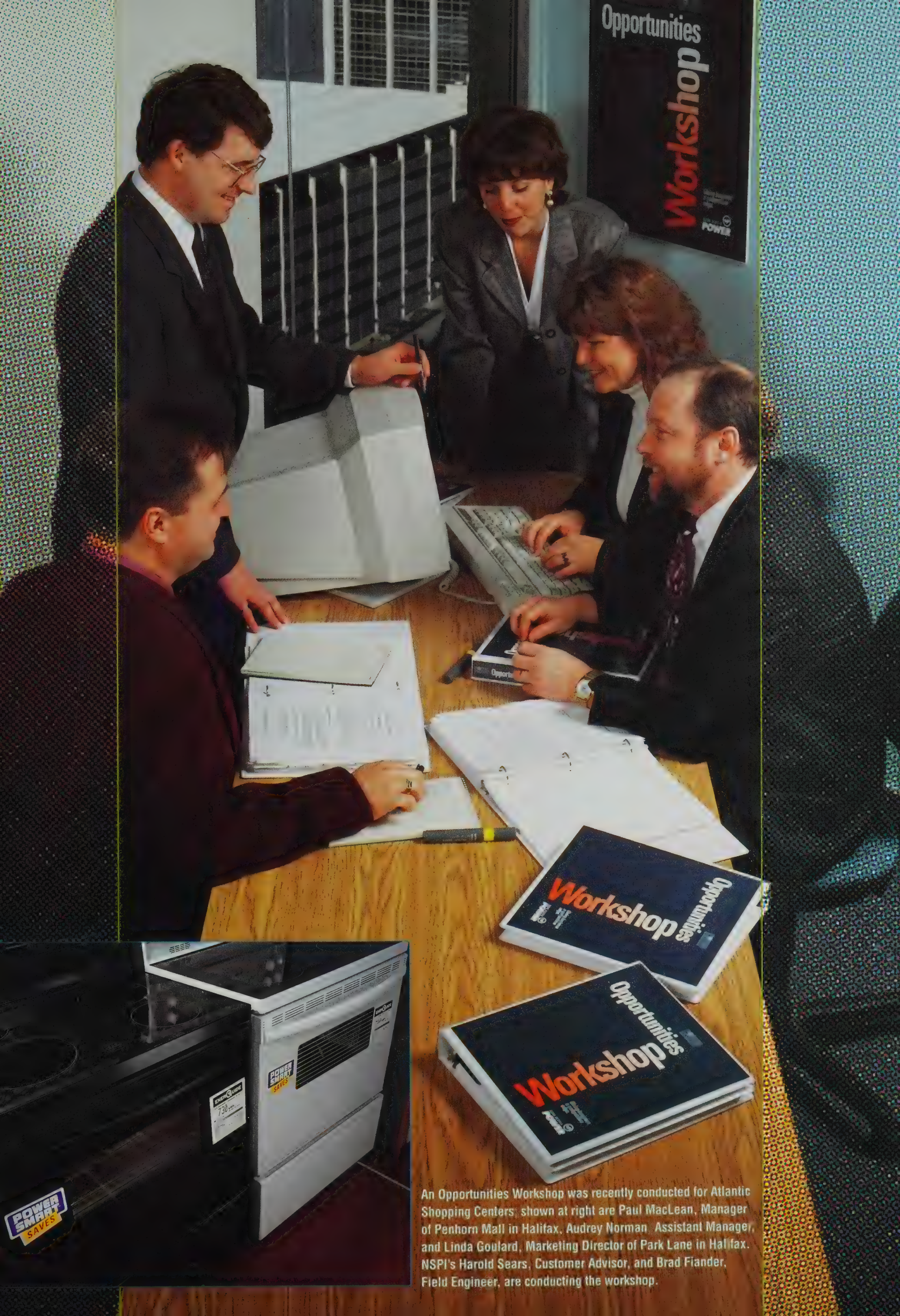
An assertive print and television advertising campaign launched in November stresses the benefits of electric home heating over oil-fired furnaces.



of our customers' needs – and we are increasingly able to provide effective solutions. That, of course, is the crux of marketing's companion function, customer service.

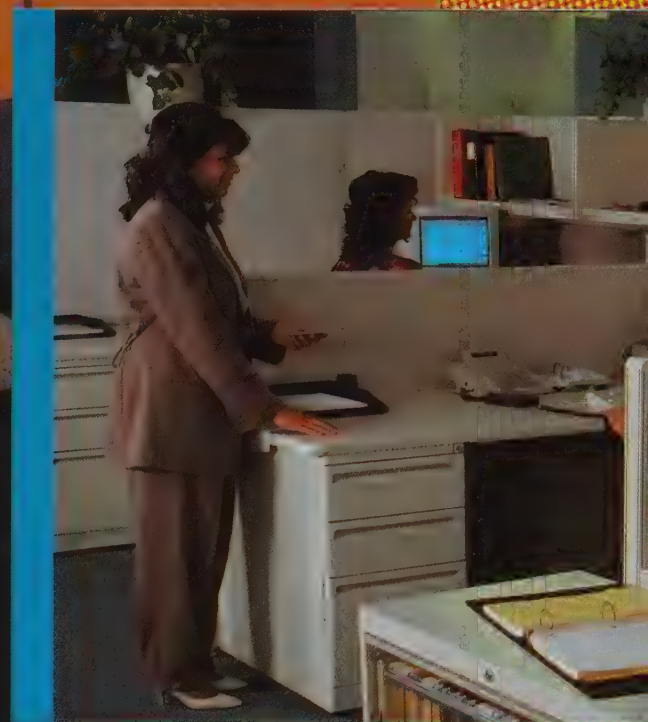
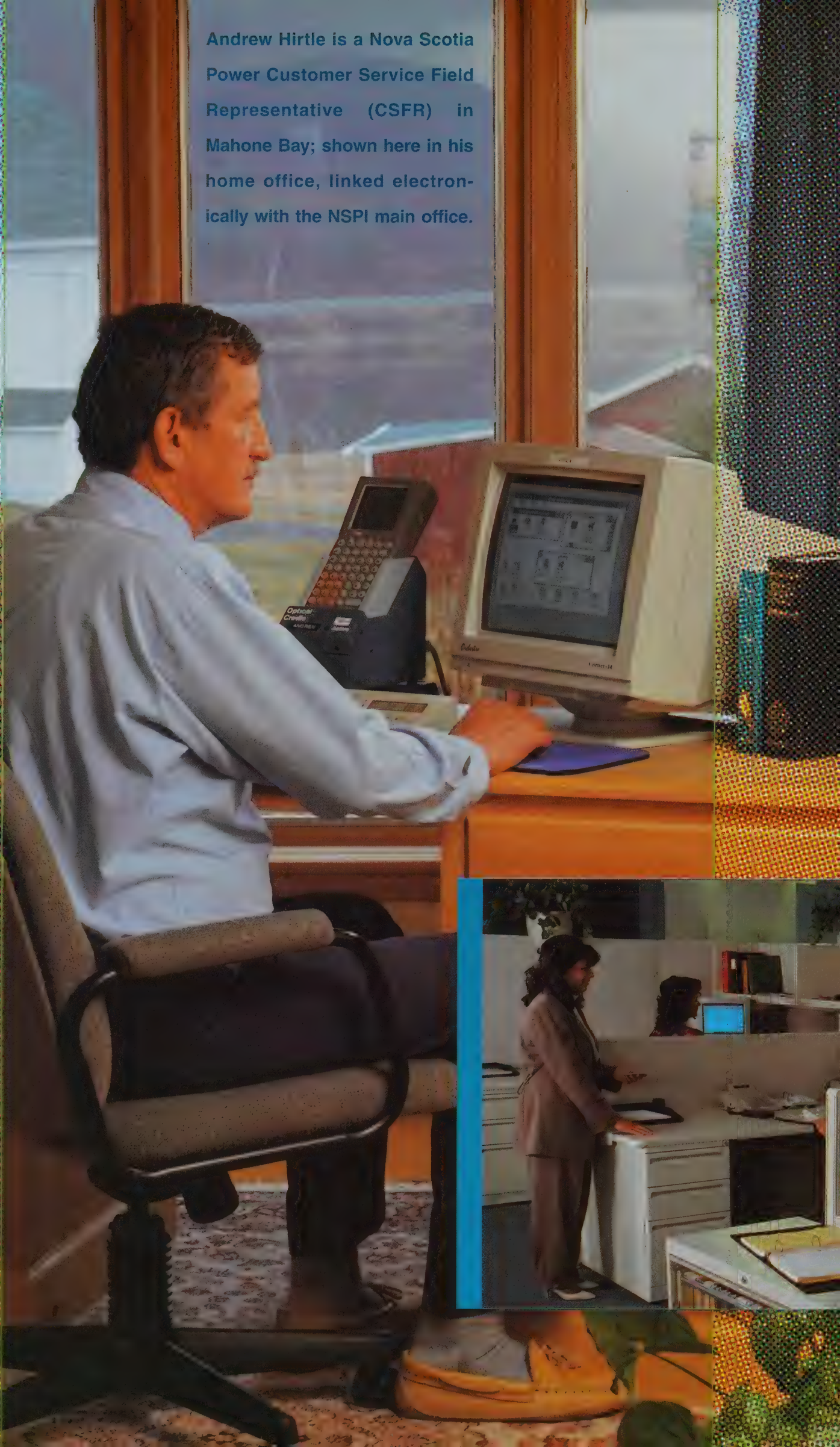
The current drive toward consistently excellent quality service is the most dramatic customer satisfaction initiative in the Company's history. All our expectations of greater market share and additional revenue sources are pinned on its success – and success is increasingly evident.

The Power Smart label on appliances and other products encourages the consumer to consider energy efficiency when making major purchases.



An Opportunities Workshop was recently conducted for Atlantic Shopping Centers; shown at right are Paul MacLean, Manager of Penhorn Mall in Halifax, Audrey Norman, Assistant Manager, and Linda Goulard, Marketing Director of Park Lane in Halifax. NSPI's Harold Sears, Customer Advisor, and Brad Fiander, Field Engineer, are conducting the workshop.

Andrew Hirtle is a Nova Scotia
Power Customer Service Field
Representative (CSFR) in
Mahone Bay; shown here in his
home office, linked electron-
ically with the NSPI main office.



Largely through the Business Process Improvement (BPI) program that has involved hard-working employee-management teams throughout the Company, we have discarded many of the traditional approaches to service that have long been the norm among most public utilities. We have replaced them with new, innovative and industry-leading initiatives that have one priority in common: quick, effective response to customer needs.

This demands the elimination of bureaucratic barriers to the ability of Nova Scotia Power's people to get close to those they serve. It not only permits, but motivates field employees to take personal responsibility for providing the results the customer is looking for.

One of the most exciting initiatives taken under this company-wide drive is the Call Network currently being introduced. With 415,000 customers throughout Nova Scotia, the range of individual requests and requirements is broad. Bill inquiries, requests for service connection, payment arrangements – all these and many other needs can be handled with one call via the Call Network. It allows us to respond to any and all customers in the same way – with understanding, with action and with the personal touch.

The Call Network is a break-through in information technology. It will permit customer service representatives to take calls not only from their immediate area of the province, but from any other centre. This ensures that Nova Scotia Power is represented by service experts in different areas of the province, while also guaranteeing fast assistance to customers everywhere. Further conveniences offered include bilingual capability and extended hours of operation.

In another push toward new highs in service quality, three field service functions were folded into one during the past year. After a highly successful pilot project confirmed the soundness of the concept, the new function of customer service field representative (CSFR) was created. The customer benefits from the close attention of one person working at home, typically in the immediate community, who is prepared to handle installation, disconnects, meter reading and collections. The Company is able to provide added-value service without additional staff costs.

Our customer service will be advanced by the current development of computerized work management and customer information systems. These systems offer employees access to more meaningful information, and the power to organize it for the customer's benefit. Great strides were taken in both areas during 1994, with the launch of the Customer Information System project and the installation of the Work Management and Scheduling (WMS) system in four locations. By mid-1995 all of the Company's locations will enjoy the efficiency of WMS, and our industry-leading customer system will be in place by 1997.

Nova Scotia Power intends to seek and serve markets better than any competitor – present or future. Human effort and commitment are central to this objective. We are satisfied that our people, working to the Strategic Business Plan, are more than able to keep us in the forefront.

The new Call Centre in Halifax includes an extensive training facility – shown are Margo Hampden, Supervisor, and students Shelly MacInnis, Paul Russell and Ann Langille.



Developing Unique Solutions in Production and Environment

The principle of sustainable development was put before the United Nations in 1987 by the Brundtland Commission, as a ruling precept for all governments and industries to follow. It issues a global challenge: minimize environmental consequences while achieving economic development.

That mandate has been fully incorporated into the operating philosophy of Nova Scotia Power. We will profitably produce and sell energy and related products and services. But we will do so with due responsibility for the protection of the air, earth and waters around us.

Our location presents us with the need to develop unique solutions on several fronts. The Company generates 80% of its power through thermal generation and the remainder through hydro systems, which have reached their usable limit. Nuclear power is specifically ruled out by provincial statute. Solar power is not a commercial reality in Nova Scotia. Tidal, wind-powered and gas turbine generation all remain marginal.

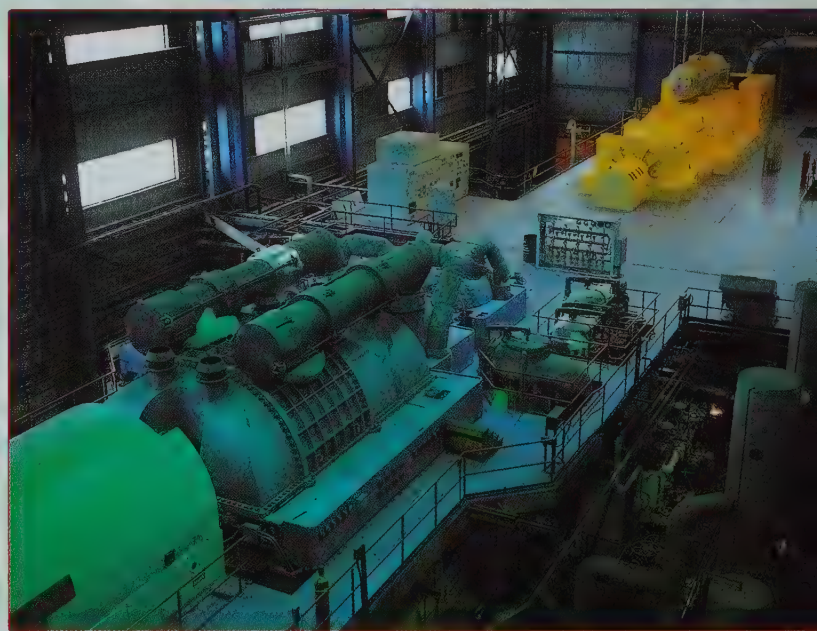
With about 65% of our total generation being produced by coal and 15% by oil, sources and costs of those commodities are central to our production planning. All things being equal, Nova Scotia coal is our fuel of choice.

We buy most of our coal from the Cape Breton Development Corporation (CBDC) under a 33-year contract that is reviewed every five years. The current contract review is scheduled for completion March 31, 1995. We are committed to support indigenous coal suppliers. But to remain competitive and fulfill our environmental responsibilities, local coal must be available at competitive prices and must meet environmental requirements without undue processing.

The Company has been intensely focused on improving operations so as to generate the absolute maximum amount of electricity from every bit of fuel we use. This commitment will be reflected in two ways: cost-effectiveness of our product, and fewer environmental consequences from the use of a given amount of fuel.

We have introduced a number of innovative programs to support this purpose. Chief among them is a four-year, \$30 million component initiative arising from the Company's Integrated Resources Plan (IRP). The IRP involves an extensive review of all energy options on both the supply and demand sides. The component replacement program is expected to yield savings of \$4.2 million annually. Encouraged by the 4% efficiency improvement gained by the replacement of the low-pressure rotor on the turbine at our Trenton Five Generating Station, we are addressing similar opportunities in other facilities. We expect to achieve a 2% efficiency improvement from a project underway at the Lingan generating station.

The Trenton plant, shown below, is a good example of increased efficiency through equipment improvements (such as the low pressure rotor replacement in Unit 5, foreground) combined with the construction of new facilities such as Unit 6 in the background.

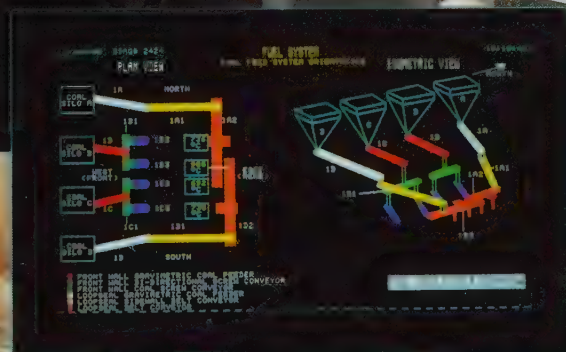
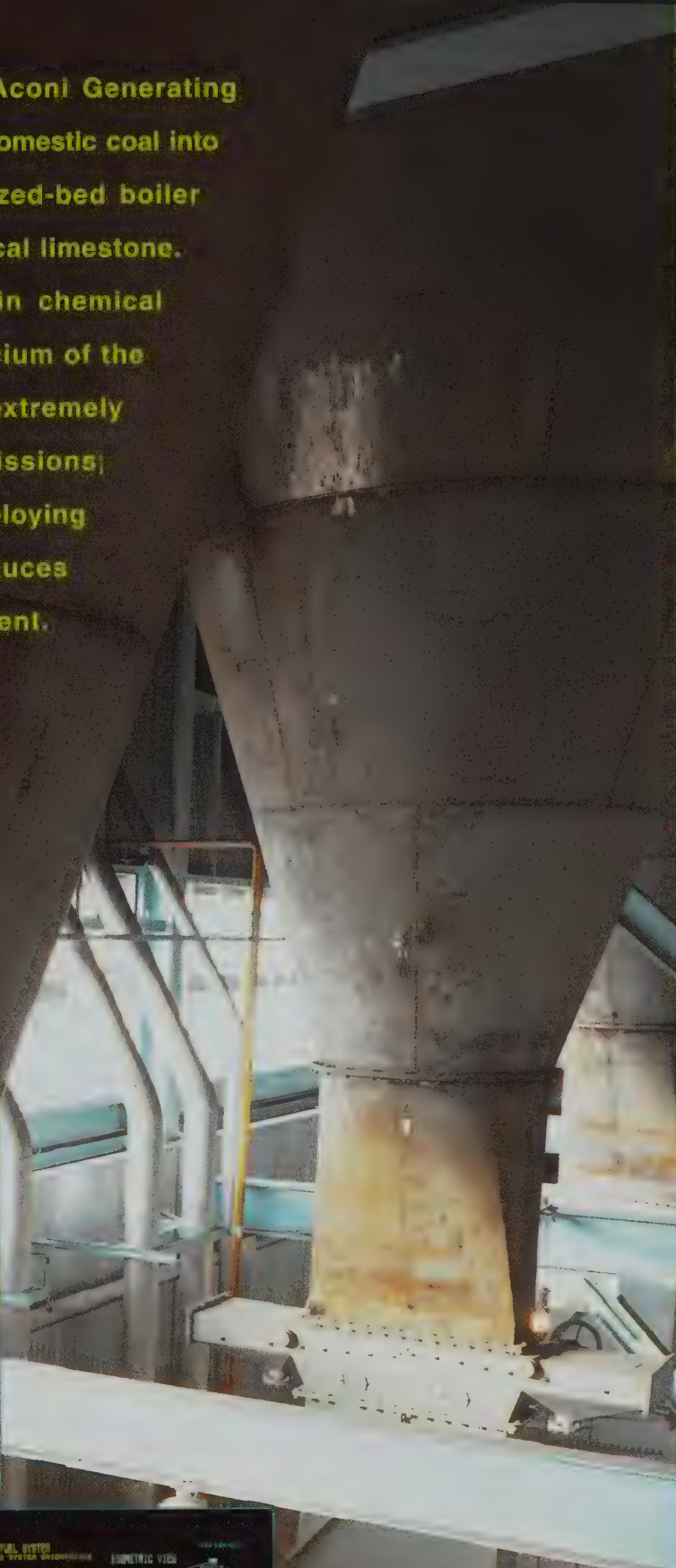


The pursuit of efficiency, coupled with our present excess generating capacity caused by slow economic growth, has also forced the closure of one of our older facilities – the Seaboard generating station near Glace Bay is scheduled for mothballing in 1995.

One of the most important measures of success for any utility is reliability. For generating plants the Canadian Electrical Association uses two chief indices in rating this factor.

Point Aconi, right, is run by efficient digital operating systems which allows the plant to be controlled by only a few staff members.

These hoppers at Point Aconi Generating Station feed high-sulphur domestic coal into the state-of-the-art fluidized-bed boiler where it is burned with local limestone. The sulphur is trapped in chemical combination with the calcium of the limestone, resulting in extremely low sulphur dioxide emissions, advanced technology employing Nova Scotians as it reduces impact on our environment.



One is the "operating factor". The other is the "forced outage rate". The operating factor is the percentage of time a generating station is available and producing energy, and the forced outage rate reflects the frequency of loss of generating equipment.

We are proud to report that, by comparison with other Canadian participants in the industry, Nova Scotia Power is well above average in both respects. Our operating factor is 80%, well above the national average of 57%. And our forced outage rate is well below the Canadian average at 2.58% compared to the Canadian average of 7.3%.

At the level of reliability of supply to customers, which is mainly influenced by the performance of the transmission and distribution systems, the Canadian Electrical Association measures customer interruptions and unserved customer-hours. While these measures can be influenced by the number of storms and other uncontrollable factors, the efforts we have focussed on customer service have contributed to a reduction of 19% over 1993 in the number of customer interruptions and 17% in the number of unserved customer-hours.

We must, and will, continue to anticipate solutions relating to production and environmental challenges. Tightly linked as they are, the one factor cannot even be considered in isolation from the other, and our employees recognize the fact. Our chief concern is to ensure that emissions are kept to a minimum – certainly within limits set by federal, provincial and international regulating bodies.

Our recent initiatives include the installation of a \$4 million precipitator on Unit 2 of our Tufts Cove generating station, which has reduced the opacity of the smoke plume of the unit to 2%, well below the 20% allowable under law. We are ready to introduce a system for cleaning transformer oil so that 85% can be reused.

And the entire design and construction of our new Point Aconi generating station stands as a prime example of technology and environmental responsibility working together. The circulating fluidized bed technology employed at Point Aconi allows us to burn coal with up to 5% sulphur content while reducing sulphur dioxide emissions by 90%.

A byproduct of fossil fuel combustion is flyash. We have long had the capability to capture and contain this material, but we no longer regard it as waste.

Flyash is recycled and incorporated into concrete mixes to displace Portland cement and improve its properties. The Company is now actively marketing flyash to suppliers of readymix concrete. We have sponsored the installation of flyash holding silos on the premises of customers in the building materials business to promote increased flyash recycling.

There are additional activities underway as well. Nova Scotia Power supports the National Voluntary Challenge and Registry on Climate Change, a joint initiative of federal, provincial and territorial energy and environment departments in consultation with other public and Canadian organizations. Nova Scotia Power is a supporter of The Accelerated Reduction or Elimination of Toxics (ARET) program, which seeks to make voluntary, rather than imposed, adoption of strict emission codes the key to future controls.

Even in small, routine field operations our motto "Do the little things well" is reflected in concern for the environment. During transmission line maintenance, employees erect a temporary bridge over each stream encountered, rather than driving through, in order to protect sensitive streambed habitat. Through our acclaimed Waterwork program, in cooperation with the provincial Department of the Environment, we continue to improve the waterways of communities around the province.

Future directions in production and environment are exciting. As well as the current feasibility studies of a district heating system based on our Tufts Cove generating station, we have been looking at the opportunities held forth by coalbed methane. In 1994 Nova Scotia Power, through its subsidiary Stellarton Coal Gas Inc., formed a 50/50 joint venture with Resource Enterprises Inc. (REI) of Salt Lake City, Utah. The purpose is to develop methane reserves in the Stellarton Basin, which are thought to be substantial. If this coalbed methane can be brought online and used at the nearby Trenton generating plant, it would provide an extremely clean-burning and efficient source of electric power.

In fact, all possible future options, including the eventual development of resources like offshore natural gas, tides, winds and solar energy, will be examined in the light of both efficiency of production and the implications for our environment. Nova Scotia Power is determined to be both profitable and responsible in everything we do.

People Producing Results

A number of highly creative ideas came forward from employee groups and individuals during the year.

Virtually all of them had strongly positive effects on the Company's finances.

A perfect case in point is the way in which we redesigned the process for approving capital expenditures during the year. The faster decisions of this sort can be reached, the better the Company's ability to grasp opportunities in a timely way. In the past it has taken up to 11 months to process all the necessary approvals to install a new transmission line or substation. Through information technology, innovative thinking and reducing the number of signatures required, such expenditures can be approved in half the time.

Other examples are found throughout the Company, many of them as a result of the Business Process Improvement (BPI) program. BPI fosters interactive thinking in a group of people so that any solution they reach is new, fresh, often unconventional and quite likely effective. It is basically a way to alter the ingrained way of doing things that defines bureaucracy. When the "owners" of any business process come together with employees working in other areas and all of them are given a totally free hand to challenge the conventional wisdom, surprising things can result. When the customary process is being examined, the question is, "Why?" When the boldly innovative alternative is suggested, the question is, "Why not?"

Exactly that process was employed by the BPI group that came together to rethink the way in which Nova Scotia Power's vehicles were used and managed. In the end the traditional approach to fleet management was changed dramatically and local managers empowered to take over most of the

responsibility for tracking vehicle use and ordering repair and maintenance through outside suppliers. Highly-skilled Company mechanics were freed up for more demanding work than routine service-station functions. With most maintenance now done overnight, vehicles are more available for day shifts. There are fewer Company-owned garages. As a result, Nova Scotia Power has reduced its fleet and saved money.

Another good idea that went straight to the bottom line is the way in which we now dispose of scrap aluminum and copper that accumulates as transmission lines are taken down and replaced. Previously, the Company sold this material to local scrap dealers. We began to sell it directly to suppliers in 1994, and by the end of the year had been paid considerably more than what we would have received from a local dealer.

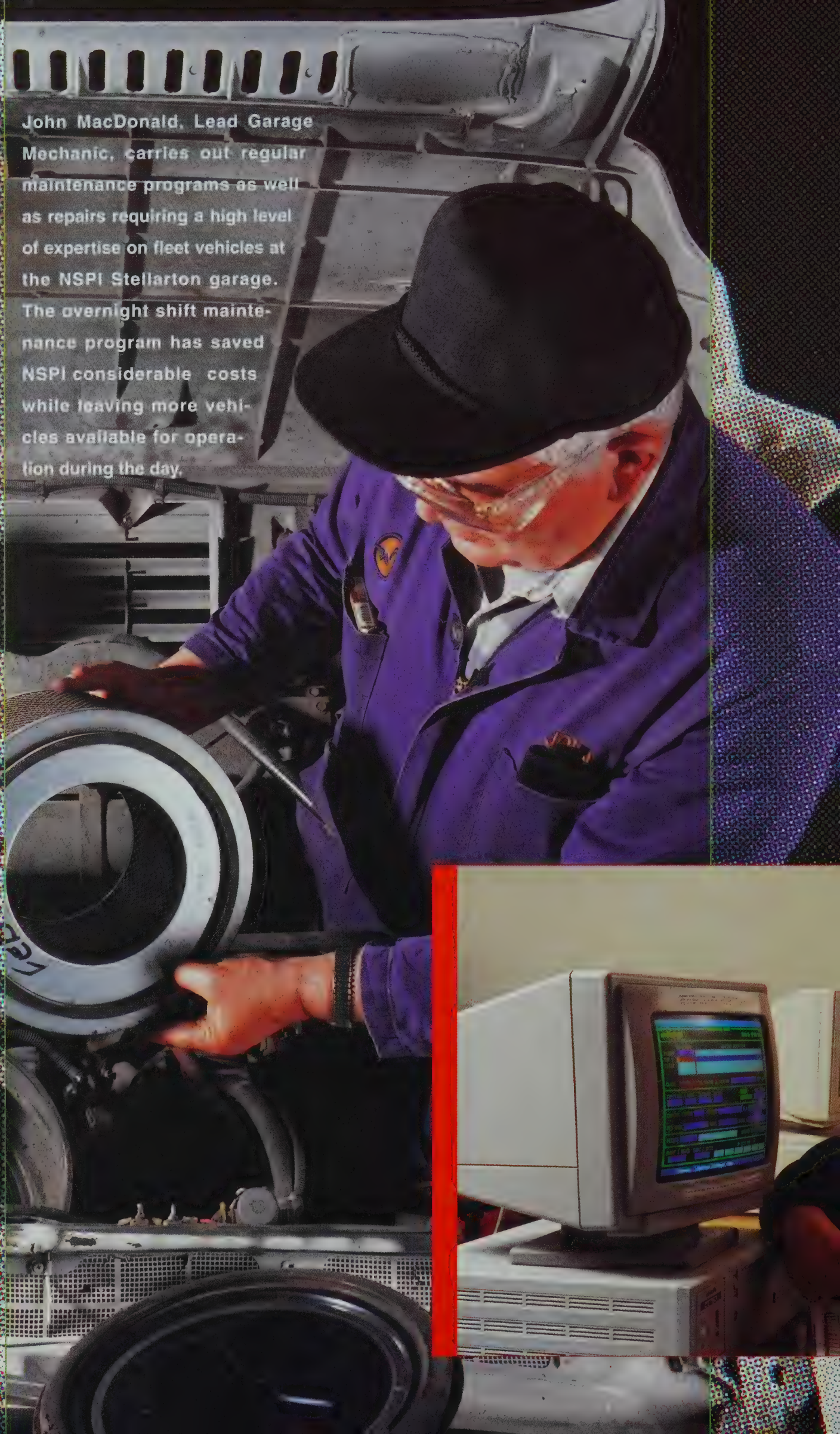
These and many other steps help us achieve our financial goal of providing shareholder value consistent with other utilities, or more simply, the goal of competitiveness. The conditions under which we are working to achieve it are clearly set out. When we privatized in August, 1992, we were given five years to refinance \$2.2 billion in debt guaranteed by the Province of Nova Scotia. We are pleased to report that as of the end of fiscal 1994 we were ahead of schedule on our debt restructuring. We have met 54% – or \$1.2 billion worth – of our requirements.

Shareholders continued to enjoy excellent earnings in 1994, with net earnings applicable to common shares of \$94 million.

To keep producing such good results, we must ensure that Nova Scotia Power is a challenging and rewarding workplace. We are working with several hundred fewer employees than we were just a few years ago, through successful voluntary separation and early retirement programs. And yet we are working better. To stay on this track, we need to maintain two things. One is the ability to communicate effectively, both among ourselves and with our customers. The other is to keep track of what skills and resources our employees at every level have to offer.

John MacDonald, Lead Garage Mechanic, carries out regular maintenance programs as well as repairs requiring a high level of expertise on fleet vehicles at the NSPI Stellarton garage.

The overnight shift maintenance program has saved NSPI considerable costs while leaving more vehicles available for operation during the day.



Enhancing Our Home

Nova Scotia Power serves nearly every household and business in Nova Scotia as a supplier of energy. But we recognize that we have a responsibility to enrich the community through other kinds of service – the things that affect people's ability to enjoy a safe, full and rewarding way of life in a uniquely beautiful province of Canada.

For instance, we are committed to educational programs like the *Stay in School* initiative. We have established a number of university scholarships, including four special 75th Anniversary Scholarships of \$1,500 each. We also fund 22 "To be the Best" scholarships, each worth \$500, and \$3,000 in scholarships and bursaries to environmental technology students.

Just as safety on the job is a top priority for our employees, the Company is active in promoting public safety, especially with respect to electricity. One example is the Electrical Hazards program through which line workers and district staff are available to talk to primary school students. Through this program we estimate that some 12,000 grades five and six children are reached first-hand with a safety message each year.

The Company also works hand-in-hand with environmental organizations around the province, from grassroots community groups to government departments. We enjoy a longstanding and productive relationship with the Clean Nova Scotia Foundation, effecting real change in our communities through programs like Envirotowns. With this committed group, we are founding sponsors of Environment Week in Nova Scotia. Our employees give their time each summer to work on environmental education and community beautification with the crews of the Nova Scotia Youth Conservation Corps. There are many such groups we team up with each year through our nationally recognized Waterwork program, improving the province's waterways.

We are continuing to build systems to help us accomplish both tasks. In particular, our human resources department has developed the capability to very effectively fit internal job applications to the requirements of any positions that become open. Nova Scotia Power recognizes the value of rewarding employees who excel. In 1995, accomplishments will be rewarded under an incentive-based profit sharing plan.

For the last several years Nova Scotia Power has been making an extra effort towards greater gender equity in our field operations. We were pleased to have seen our advances in this respect recognized in a book on the subject published in 1994. The Company was listed in *Canada's Best Employers For Women*, by Tema Frank – one of only two Atlantic provinces firms to be so recognized.

The author praises Nova Scotia Power for working with the International Brotherhood of Electrical Workers and the YWCA to achieve gender equity targets in the workplace.

It is recognized throughout the Company that our human resources are the key to our financial success and advances in technology, service and marketing. But beyond that, we hope to set an example of what can be done to make any organization fully rewarding to employees at all levels, to shareholders, to customers and to the business community at large.

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We also make a concerted effort to support the development of a strong and prosperous economy in Nova Scotia. To mark our 75th Anniversary, Nova Scotia Power hosted a major conference in October of last year. The *Digby Dialogue* was attended by many of the province's top business leaders and key provincial government figures. After a full day of active discussion, the gathering recommended that a committee be struck to investigate how private sector organizations can best promote Nova Scotia, an initiative that is currently going forward.

Because we supply an essential service to a very large customer base, Nova Scotia Power is a high-profile organization. Our people and systems extend from metropolitan areas to the smallest and most remote communities of Nova Scotia. It is our purpose to use our recognizability, our reach and a generous share of our resources to help enhance and advance our home province in every way open to us.



The Waterwork program of Nova Scotia Power is applied to environmental enhancement projects across the province.



Water License Fee Credit for 1994

Habitat Unlimited
St. Mary's River Association
Sackville River Association
Cumberland County River Association
Nova Scotia Salmon Association
Clean Annapolis River Project
New Waterford Fish and Game
Port Morien Fish and Game
LaHave River Salmon Association
Juvenile fish study, Annapolis
Lower Nictaux River Habitat Association
Wreck Cove limnology

East River-Sheet Harbour Partnership
Environmental Youth Awareness
Jordan Lake diversion study
Fishladder, Tusket
LaHave River Watershed
Green the City Project
Earthwrights environmental theatre
Fishway modification, McGowan Lake
Black River CARP project
Clementsport Royal Canadian Legion
Bluenose Atlantic Coastal Action
Clean Nova Scotia Foundation

Recipients of the 75th Anniversary Scholarship; NSPI employee Robert Todd's son Rob, Charlie Dacey's daughter Cynthia and Kripa Mathur's daughter Sunita. The fourth recipient was Jack McCuish's daughter Charlotte.

Chairman's Message



**Joseph A.F.
Macdonald, QC**
*Chairman of
the Board*

During 1994 the investment community in Canada has focused on the importance of corporate governance to ensuring effective long-term performance of the Board of Directors and a corporation.

The existing framework for governance of Nova Scotia Power meets these evolving expectations. A regular flow of information to the Board of Directors ensures the Board has sufficient information to allow it to effectively assess the direction of Nova Scotia Power and the performance of Management. Director independence from Management is an important quality and at Nova Scotia Power this is assured by the requirement that no more than two Directors may be members of Management of the Company.

One much-discussed governance issue is separating the functions of the Chair of the Board and those of the Chief Executive Officer. The history of this utility over the years demonstrates that such an arrangement works, and works to the benefit of the Board and the Company's shareholders.

To ensure Nova Scotia Power remains responsive to the expectations of the investment community, shareholders and customers, in 1994 the Board of Directors adopted certain new practices. These new practices include the establishment of a 10-year term limit for Directors and the expansion of the Nominating Committee's terms of reference to include advising the Board on corporate governance issues. Nova Scotia Power believes its framework for corporate governance can serve as an effective model for other publicly-traded corporations.

1994 was a good year for Nova Scotia Power and everyone is striving to make 1995 equally successful. Historically, our financial results have closely mirrored the performance of the Nova Scotia economy. We realize that it really is true when we say to our customers that their success is our success.

A stylized, handwritten signature of Joseph A.F. Macdonald, QC, in dark ink.

Joseph A.F. Macdonald, QC
Chairman of the Board

Management Discussion and Analysis

Nova Scotia Power Inc. (Nova Scotia Power) is the principal supplier of electricity in Nova Scotia. Its system is province wide and its operations include approximately 94% of the generation, 99% of the transmission and 95% of the distribution of electric power throughout Nova Scotia.

Regulation

Nova Scotia Utility and Review Board

Nova Scotia Power is a public utility as defined in the Public Utilities Act (Nova Scotia) and is subject to regulation under that Act by the Nova Scotia Utility and Review Board (UARB).

The Act gives the UARB supervisory powers over Nova Scotia Power's operations and expenditures. Electricity rates in each of the rate classes under which Nova Scotia Power serves its customers are also subject to UARB approval.

To facilitate Nova Scotia Power's transition from Crown Corporation to investor-owned utility, the UARB approved an application made by Nova Scotia Power in March 1993 that provides for an allowed annual return on common equity in the 11.5% to 12% range.

Electricity Regulation Review Panel

In October of 1994 the Government of Nova Scotia established an Electricity Regulation Review Panel to gather public input and to advise Government on various aspects of the provincial regulation of electricity production and transmission. The Government has directed the panel to consider a broadened mandate for the UARB by permitting the UARB to consider a wider range of criteria when rendering decisions on electricity matters.

On August 10, 1992, Nova Scotia Power acquired the operating assets of Nova Scotia Power Corporation (NSPC), a Crown Corporation which had generated, transmitted and distributed electricity in Nova Scotia since 1919.

The relative importance of the existing and any new criteria recommended are also to be considered by the panel. The panel may also report on other matters including incentive rates, wheeling and regulatory oversight. Public hearings commenced on January 9 and concluded on January 18, 1995. Nova Scotia Power filed a comprehensive submission and participated in the hearings. Nova Scotia Power cautioned against any broadening of the mandate of the UARB beyond the broad powers it now possesses, encouraged the adoption of a streamlined, more flexible regulatory regime and explained the need for Nova Scotia Power to be able to offer competitive power rates to its customers. The panel will summarize its findings in a report to the Government.

Securities Regulation

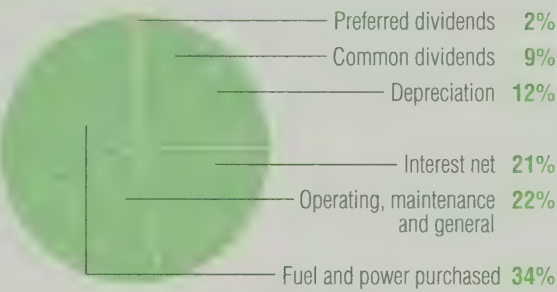
Nova Scotia Power is subject to securities regulation in all provinces of Canada and to the rules of the Toronto and Montreal stock exchanges.

Earnings

Net earnings applicable to common shares were \$94.0 million (earnings per share - \$1.10), an increase of 2.7% over the \$91.5 million (earnings per share - \$1.07) earned in 1993. The following factors, which are more fully explained later in this discussion, had a significant impact on earnings:

- the introduction of the Point Aconi generating station in March 1994 resulted in a net increase in operating, interest and depreciation expenses;
- the October 1993 issuance of preferred shares resulted in a full year of preferred dividend payments in 1994; and
- 1993 earnings reflected a one-time charge for an early retirement and voluntary separation program.

Uses of Revenue 1994



Revenue

Electric revenue continued to grow at a modest rate during 1994, increasing \$7.8 million (1.1%) to \$707.9 million. Residential electric revenue increased 2.5%, commercial increased 0.4% and industrial decreased 0.9% from 1993 levels. Nova Scotia Power did not apply for a rate increase during 1994. Sales volume increased 71.8 million kWh or 0.8% over 1993. This is comparable to the 1.0% increase experienced in 1993. Commercial volume grew 0.6%, residential volume increased 1.3%, and industrial volume increased 0.3% over 1993 levels.

For 1995, Nova Scotia Power expects a 1% to 2% growth in sales volume, continuing a trend that reflects an improving economic environment in Nova Scotia. Based on projections of revenue and expenses for 1995, Nova Scotia Power does not anticipate the need for an electric service rate increase to earn its permitted rate of return in 1995.

Electric Energy Sales 1994



Cost of Operations

Generating Capacity

Nova Scotia Power's nameplate capacity increased 165 megawatts with the introduction of the Point Aconi generating station in March 1994. The majority of the 2,299 megawatts of nameplate capacity is represented by thermal plants. Hydroelectric plants are used primarily to provide peaking capacity due to their limited energy production capability. Gas turbine plants, fueled by light fuel oil, provide peaking and emergency capacity in the event that other plants are unable to meet the load requirements.

Slower than anticipated growth has resulted in a surplus capacity that is currently in excess of Nova Scotia Power's peak demand needs. Accordingly, Nova Scotia Power plans to mothball its least cost efficient coal-fired plant, the 116 megawatt generating station at Glace Bay, until the need for its capacity is re-established.

Fuel for Generation and Power Purchased

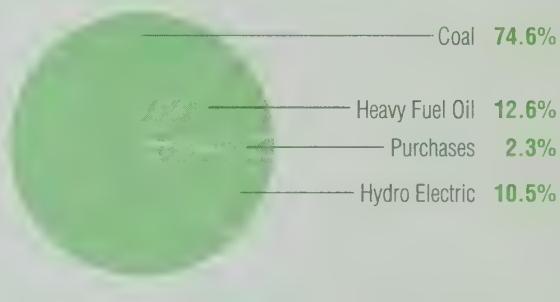
The cost of fuel for generation and power purchased, Nova Scotia Power's single largest expense, decreased \$0.1 million to \$246.6 million. An increase in the price of coal was offset by a 15.3% increase in hydro production.

Nova Scotia Power's coal supply is obtained from mines located in Nova Scotia. Approximately two million tonnes is supplied under contract with the Cape Breton Development Corporation (CBDC). This contract includes terms which establish the price and quantities of coal purchases through negotiations at five-year intervals until its expiration in 2010. The current terms expire March 31, 1995. The terms for the next five-year interval are currently being negotiated, with the new terms taking effect April 1, 1995.

Any coal required in excess of that typically supplied by CBDC under the coal contract, is provided to Nova Scotia Power by CBDC and a number of other small suppliers under separate contracts. This coal is consumed primarily at the Trenton generating station. Subject to minimum purchase requirements under the coal contract, and oil delivery and storage constraints, purchases are adjusted between coal and oil to minimize fuel costs.

The cost of heavy fuel oil is subject to fluctuations in the world market price (quoted in U.S. dollars) and to the U.S. dollar exchange rate. To protect against price increases, Nova Scotia Power uses oil swap agreements under which Nova Scotia Power swaps floating price heavy fuel oil for fixed price heavy fuel oil. During 1994, Nova Scotia Power entered into swap agreements for its entire forecasted production needs. Nova Scotia Power will continue to use swap agreements in 1995 to manage its exposure to fluctuations in the price of heavy fuel oil. Nova Scotia Power's remaining exposure on this requirement is limited to currency rate fluctuations with the U.S. dollar.

Sources of Generation 1994



Operating, Maintenance and General

Operating, maintenance and general expenses increased from \$155.5 million in 1993 to \$156.4 million in 1994, due mainly to an increase in thermal plant operating and maintenance costs. The March 1994 introduction of the Point Aconi plant resulted in a \$6.7 million increase in operating costs. Nova Scotia Power spent an additional \$2.8 million on maintenance programs at its Lingan thermal plant to improve its operating efficiency.

Operating, maintenance and general expenses are expected to remain relatively unchanged during 1995.

The contract with employees represented by the International Brotherhood of Electrical Workers (I.B.E.W.), the largest group of unionized workers at Nova Scotia Power, expires on March 31, 1995, and is currently under renegotiation. Approximately 50% of Nova Scotia Power's employees are members of the I.B.E.W. union.

Voluntary Separation Program

With a view to aligning the workforce to its future needs, Nova Scotia Power implemented a voluntary early retirement incentive program and a voluntary separation program in 1993; 238 employees chose to participate. The one-time costs of \$21.7 million associated with these programs were included in the 1993 operating results. Nova Scotia Power expects to recover these costs over a period of approximately two years through lower personnel costs.

Depreciation

Depreciation expense increased to \$83.1 million in 1994 from \$70.6 million in 1993, with the introduction of the Point Aconi generating station accounting for \$9.6 million of the \$12.5 million increase.

The UARB prescribes the depreciation rates used by Nova Scotia Power. In December 1992, the UARB reviewed and revised depreciation rates of certain major categories of plant in service to reflect the extension of their estimated average service lives. As a result, depreciation expense decreased 11.1% during 1993.

Depreciation expense is expected to increase in 1995 as a result of an estimated \$100 million capital expenditure program and a full year's depreciation of the Point Aconi generating station.

Interest

Net interest expense decreased \$8.3 million to \$152.2 million during 1994, due mainly to reduced debt levels as a result of the \$200 million preferred share issue of October 1993 and the on-going debt refinancing program. Lower short-term interest rates and interest earned on matching notes receivable also contributed to the reduction of net interest expense. Costs pertaining to the refinancing of provincially-guaranteed debt are amortized over the life of the related debt and are included in interest expense.

Nova Scotia Power is expecting an increase in interest expense for 1995 as a consequence of higher interest rates. The 1995 debt defeasance program is not anticipated to have a material effect on interest expense.

Deferral of Point Aconi Depreciation and Interest Expense

The Point Aconi 165 megawatt coal-fired electric generating plant entered commercial service in March 1994. With a total budgeted cost of \$400 million, Point Aconi's inclusion in the rate base would increase annual depreciation and interest expense by approximately \$53 million and would result in a significant increase in the rates Nova Scotia Power must charge its customers.

To limit rate increases to customers, the UARB approved Nova Scotia Power's request to defer a portion of Point Aconi's depreciation and interest expense into future years. This ruling permits Nova Scotia Power to defer a portion of such expenses together with an imputed cost-of-capital charge, at a rate of 50% in 1994, and 33 1/3% in 1995. For 1994, this deferral totalled \$24.9 million. Beginning in 1996 and continuing through 1998, a portion of the deferred amount will be amortized to income annually.

Allowance For Funds Used During Construction

Construction projects in the electrical utility industry often require capital to be committed over an extended number of years. Nova Scotia Power provides for the cost of capital invested in construction work-in-progress by including an allowance for funds used during construction (AFUDC) as an addition to the cost of property constructed. This amount represents non-cash income which will be charged to operations through depreciation over the service life of the related assets, and recovered through future revenues. The capitalization rate is based on Nova Scotia Power's weighted average cost-of-capital.

With the entry of Point Aconi into commercial service in March 1994, AFUDC decreased \$36.5 million from 1993 levels. AFUDC is expected to decrease further in 1995, reflecting a reduced capital expenditure program.

Income Taxes

In its April 29, 1994 budget the Province of Nova Scotia eliminated Nova Scotia Power's exemption from provincial income taxes. For 1994, Nova Scotia Power's capital cost allowance and cumulative eligible capital tax deductions will eliminate its provincial and federal income tax expense, with the exception of the large corporations tax and the Part VI.1 tax on preferred dividends. Nova Scotia Power's effective tax rate for 1994, after consideration of the federal income tax rebate under the Public Utilities Income Tax Transfer Act (PUITTA), is 1.1%, a decrease of 3.7% from 1993.

Nova Scotia Power expects the PUITTA rebate for its 1994 fiscal year to be at the 85.5% level. The total dollar amount of annual rebates to all utilities from the federal government has been frozen until March 31, 1996 at the total level of rebates granted in the federal government's 1989-90 fiscal period. If the total amount eligible for rebate exceeds the 1989-90 level, the actual rebated portion would fall below the 85.5%. Any increase in income taxes will be passed on to the customer as a cost of service.

Nova Scotia Power does not anticipate a change in its effective rate of income tax for 1995. If the effective rate of tax does increase, Nova Scotia Power will be able to claim capital cost allowance and cumulative eligible capital deductions to reduce future income taxes otherwise payable. As at December 31, 1994, Nova Scotia Power had an Undepreciated Capital Cost balance of approximately \$3 billion and Cumulative Eligible Capital of approximately \$160 million.

Nova Scotia Power is committed to conducting its business in a manner which is respectful and protective of the environment and which complies with environmental laws and regulations. Nova Scotia Power has established environmental management systems to manage and enhance its environmental performance and an environmental auditing process to verify its ongoing compliance with environmental regulations.

The Province regulates the environment by means of legislation requiring environmental assessments for construction and modification of generating stations and other facilities, permits for facilities generating or emitting wastes, and compliance with regulations governing dangerous goods and hazardous waste management.

In 1993 the Province undertook a revision and consolidation of all of its environmental legislation under a single statute. The new *Nova Scotia Environment Act* is effective January 1, 1995. The new statute itself does not require any immediate significant capital expenditures. Nova Scotia Power intends to closely monitor the development of regulations under the new act.

International bilateral and multi-lateral air quality agreements have the potential to influence both the present and future means of energy generation in Nova Scotia. In February 1988, the federal and provincial governments entered into the *Canada-Nova Scotia Acid Rain Reduction Agreement* which sets objectives for the reduction of emissions of sulphur dioxide. Nova Scotia Power has committed to the Province to not emit more than 145,000 tonnes of sulphur dioxide per year after 1994.

In 1990 Nova Scotia Power adopted a 20-year atmospheric emission management program to address sulphur dioxide and nitrogen oxide emissions. This program has as its cornerstone the circulating fluidized bed combustion technology installed at Point Aconi. Compared to a conventional pulverized coal plant, Point Aconi is designed to achieve a 90% reduction in sulphur dioxide emissions and a 65% to 75% reduction in nitrogen oxide emissions. By allocating higher sulphur coal to Point Aconi, NSPI expects to use lower sulphur coal at other coal-fired generating stations, resulting in reduced overall sulphur dioxide emissions. The balance of the program involves the use of lower sulphur heavy fuel oil at Tufts Cove and low sulphur coal at Trenton. In 1994 sulphur dioxide emissions were reduced to approximately 132,000 tonnes largely as a result of the introduction of the Point Aconi generating station.

Carbon dioxide emissions, which arise from the burning of all fossil fuels such as coal and oil, also raise environmental concerns. Carbon dioxide is one of the heat-trapping greenhouse gases which may contribute to global warming. At present, there are no environmental regulations restricting carbon dioxide emissions. As part of our ongoing Integrated Resources Planning (IRP) process, NSPI will be filing its plans for meeting the electrical energy requirements of Nova Scotia to the year 2025. The IRP will address, among other issues, options for meeting possible alternative restrictions on the level of greenhouse gas emissions.

Liquidity and Capital Resources:

Cash Flow

During 1994, Nova Scotia Power's cash position decreased by \$2.2 million.

Nova Scotia Power's operating activities provided \$201.1 million in cash.

Debt retirement and refinancing activities required \$377.0 million during 1994. Net proceeds from the issuance of common shares under the dividend reinvestment program and debentures contributed \$213.1 million, while Nova Scotia Power's short-term debt program added an additional \$193.6 million in cash. In total, financing activities required \$27.0 million in cash during 1994.

Investing activities accounted for \$94.7 million in cash as a result of property, plant and equipment additions of \$531.2 million, net of a \$436.5 million decrease in Construction Work in Progress as a result of the completion of the Point Aconi plant.

Dividend payments to common and preferred shareholders required \$81.6 million.

Capital Structure

Nova Scotia Power's approved capital structure provides that common and preferred shares represent the following percentage of total capitalization, defined as the sum of common share equity, preferred share equity, long-term debt and short-term borrowings (excluding accounts payable):

December 31, 1994	Approved	Actual
Common Shareholder Equity	33% to 35%	31%
Preferred Shareholder Equity	8% to 10%	8%

This capital structure is comparable to that of other investor-owned Canadian electrical utilities. Nova Scotia Power recognizes that, because of its defeasance program, it will take several years to attain the approved common shareholder ratio. Accordingly, this ratio should improve with the completion of the defeasance program in 1997. The preferred share ratio was achieved in October 1993 with the \$200 million offering of Series A, 6% Preferred Shares.

In November 1993 Nova Scotia Power instituted a Dividend Reinvestment and Share Purchase Plan. The plan provides an opportunity for shareholders to reinvest dividends, or to make optional cash payments, for the purpose of purchasing additional shares without brokerage commissions or service charges. Since inception, \$3.4 million in new common equity has been created through participation in the plan.

Dividend Policy and Payout Ratios

For 1994, Nova Scotia Power's quarterly dividend rate was \$0.19 per common share representing a payout ratio of 68.9% of 1994 net earnings applicable to common shares. On January 6, 1995, Nova Scotia Power approved a half cent increase in its 1995 first quarter common share dividend to \$0.195.

Capital Expenditures

During 1994, net capital expenditures amounted to \$94.7 million, as compared to \$125.9 million in 1993.

Nova Scotia Power expects annual capital expenditures to be approximately \$100 million over the next few years, all of which will be financed from operating cash flow. These capital expenditures will be directed towards the maintenance of the existing system and infrastructure, and the connection of new customers.

Debt Refinancing

As a consequence of its 1992 privatization, Nova Scotia Power committed to refinance approximately \$2.2 billion of provincial government guaranteed long-term debt. By December 31, 1997, Nova Scotia Power must refinance all debt presently guaranteed by the Province of Nova Scotia. With the reduction in capital expenditures, future borrowings will be directed primarily to refinancing this obligation.

millions

Total Guaranteed Debt - August, 1992 (at December 31, 1994 exchange rates)	\$ 2,249.0
Refinanced to December 31, 1994:	
Maturities, redemptions and purchases	\$ 347.2
Defeasance	859.8 1,207.0
Remainder to be refinanced by December 31, 1997	\$ 1,042.0

The remaining \$1,042 million will be refinanced through a \$586 million defeasance program and \$456 million in maturities, redemptions and purchases. As at December 31, 1994, \$38 million of defeasible assets were available to assist in the defeasance program. With these transactions, 62% of the total defeasance requirement will have been completed. This essentially satisfies Nova Scotia Power's 1994 and 1995 cumulative contractual requirements with the Province.

Debt Management

Nova Scotia Power has established the following short-term credit facilities:

- \$200 million commercial paper program secured with a 100% backup line of credit
- \$500 million syndicated bank line of credit
- \$75 million operating line of credit.

During 1994, Nova Scotia Power took advantage of favourable short-term interest rates by using short-term borrowings to fund working capital, defeasance transactions and bridge financing requirements. This was largely accomplished through the use of the commercial paper program, and through the syndicated bank lines of credit. Working capital and bridge financing requirements will continue to be met through the use of short-term borrowings.

Nova Scotia Power issued \$100 million of 9.75% Series 3, 25-year debentures in August 1994. These debentures were issued under a trust indenture. The net proceeds of this offering were used to reduce commercial paper and interim bank indebtedness incurred as interim financing in carrying out a portion of Nova Scotia Power's debt refinancing program.

Nova Scotia Power filed a shelf prospectus in December 1993 in respect of a \$500 million Mid-Term Note (MTN) Program. The MTNs are available as and when funds are required by Nova Scotia Power during the program's two year life. In addition to reducing issuance costs, the program provides flexibility in setting the term, interest payment type and size of the debt issue. In August 1994, Nova Scotia Power issued two notes totalling \$100 million. The net proceeds from these issues was used to refinance debt guaranteed by the Province of Nova Scotia and interim bank indebtedness incurred in effecting such refinancing.

Foreign denominated debt was reduced by 55% in 1994 (from \$268 million (U.S.) to \$120 million (U.S.)) through purchases totalling \$148 million (U.S.). These retirements were funded with short-term borrowings. Matching notes receivable from the Nova Scotia Power Finance Corporation of \$15 million (U.S.) remain to fund future debt retirements.

Hedging Activities

Nova Scotia Power uses forward contracts and other financial instruments to protect against changes in U.S. dollar exchange, oil prices and short-term interest rates.

Credit Ratings

Nova Scotia Power has the following confirmed credit ratings:

	<i>Dominion Bond Rating Services</i>	<i>Canadian Bond Rating Services</i>
Senior Long Term-Debt	A (Low)	A (Low)
Senior Preferred Shares	Pfd-2	P-2 (Low)
Commercial Paper	R-1 (Low)	A-1

Based on these ratings, and its experience in public financings since privatization, Nova Scotia Power expects to have access to the capital markets when needed.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Nova Scotia Power Inc. and the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Nova Scotia Power Inc. is regulated by the Nova Scotia Utility and Review Board, which also examines and approves its accounting policies and practices. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Nova Scotia Power Inc. maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Nova Scotia Power Inc.'s assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

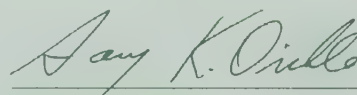
The Audit Committee is appointed by the Board, and its members are directors who are not officers of Nova Scotia Power Inc. The Committee meets periodically with management, as well as with the internal auditors and with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited by Ernst & Young, the external auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. Ernst & Young has full and free access to the Audit Committee.

February 3, 1995



Chief Executive Officer



Chief Financial Officer

Auditors' Report

*To the Shareholders of
Nova Scotia Power Inc.*

We have audited the balance sheet of Nova Scotia Power Inc. as at December 31, 1994 and 1993, and the statements of earnings, retained earnings and changes in cash position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994 and 1993 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.



Halifax, Canada
February 3, 1995

Chartered Accountants

Statement of Earnings

Year Ended December 31

<i>millions of dollars (except earnings per common share)</i>	1994	1993
Revenue		
Electric	\$ 707.9	\$ 700.1
Other	7.7	9.0
	715.6	709.1
Cost of operations		
Fuel for generation and power purchased	246.6	246.7
Operating, maintenance and general	156.4	155.5
Voluntary separation program (<i>note 2</i>)	—	21.7
Depreciation	83.1	70.6
	486.1	494.5
	229.5	214.6
Deferral of Point Aconi expenses (<i>note 1b</i>)	24.9	—
Allowance for funds used during construction (<i>note 1a</i>)	9.6	46.1
Earnings before interest and income taxes	264.0	260.7
Interest, net (<i>note 3</i>)	152.2	160.5
Earnings before income taxes	111.8	100.2
Income taxes (<i>note 4</i>)	1.0	4.8
Net earnings before dividends	110.8	95.4
Preferred dividends (<i>note 4</i>)	16.8	3.9
Net earnings applicable to common shares	94.0	91.5
Common dividends	64.8	63.9
Earnings retained for use in Company	\$ 29.2	\$ 27.6
Earnings per common share	\$ 1.10	\$ 1.07

See accompanying notes to the financial statements.

Statement of Retained Earnings

Year Ended December 31

<i>millions of dollars</i>	1994	1993
Retained earnings at beginning of year	\$ 123.0	\$ 99.1
Net earnings before dividends	110.8	95.4
	233.8	194.5
Dividends		
Common	64.8	63.9
Preferred (<i>note 4</i>)	16.8	3.9
Share issue costs		
Preferred	—	3.7
	81.6	71.5
Retained earnings at end of year	\$ 152.2	\$ 123.0

See accompanying notes to the financial statements.

Balance Sheet

As at December 31

<i>millions of dollars</i>	1994	1993
Assets		
Property, plant and equipment <i>(note 5)</i>	\$ 2,255.2	\$ 1,807.1
Construction work in progress	20.4	456.9
	2,275.6	2,264.0
Current assets		
Cash	0.1	2.3
Accounts receivable	78.9	70.3
Unbilled revenue	53.4	50.4
Federal taxes receivable	5.0	28.2
Inventory	74.9	81.1
Prepaid expenses	0.6	1.9
	212.9	234.2
Deferred charges <i>(note 6)</i>	272.1	180.8
	\$ 2,760.6	\$ 2,679.0
Shareholders' Equity and Liabilities		
Shareholders' equity		
Common		
Shares <i>(note 7)</i>	\$ 653.4	\$ 650.7
Retained earnings	152.2	123.0
	805.6	773.7
Preferred shares <i>(note 8)</i>	200.0	200.0
	1,005.6	973.7
Long-term debt <i>(note 9)</i>	1,101.2	1,299.7
Current liabilities		
Debt due within one year <i>(note 10)</i>	511.3	264.8
Accounts payable and accrued charges	96.6	88.7
Dividends payable	3.0	2.9
Income taxes payable	4.7	8.9
Accrued interest on long-term debt	38.2	40.3
	653.8	405.6
	\$ 2,760.6	\$ 2,679.0

See accompanying notes to the financial statements.

Approved on Behalf of the Board


Chairman


President and Chief Executive Officer

Statement of Changes in Cash Position

Year Ended December 31

<i>millions of dollars</i>	<i>1994</i>	<i>1993</i>
Operating activities:		
Net earnings before dividends	\$ 110.8	\$ 95.4
Non-cash items:		
Depreciation	83.1	70.6
Amortization of deferred charges	11.3	3.2
Deferral of Point Aconi costs	(24.9)	—
Change in operating working capital	20.8	(36.1)
Cash provided by operating activities	201.1	133.1
Financing activities:		
Proceeds from issue of common shares, net	2.7	0.7
Proceeds from issue of preferred shares, net	—	196.3
Proceeds from long-term debt, net	210.4	300.8
Repayment of long-term debt	—	(279.5)
Increase in foreign exchange on long-term debt	9.5	14.4
Increase in deferred financing charges, net	(77.7)	(93.1)
Increase in short-term debt	193.6	216.0
Decrease in defeasance investments	—	121.7
Investments committed to effect defeasance	(377.0)	(485.3)
Net changes in matching notes receivable	11.5	80.7
Cash provided by (used in) financing activities	(27.0)	72.7
Investing activities:		
Property, plant and equipment, net	(531.2)	(104.6)
Construction work in progress, net	436.5	(21.3)
Cash used in investing activities	(94.7)	(125.9)
Dividends:		
Common shares	(64.8)	(63.9)
Preferred shares	(16.8)	(3.9)
	(81.6)	(67.8)
Increase (decrease) in cash position	(2.2)	12.1
Cash (bank indebtedness) at beginning of year	2.3	(9.8)
Cash at end of year	\$ 0.1	\$ 2.3

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 1994

Nova Scotia Power Inc. (NSPI) is engaged in the production and sale of electric energy, and is regulated by the Nova Scotia Utility and Review Board (UARB). NSPI's accounting policies and practices are subject to examination and approval by the UARB and are similar to those being used by other companies in the electric utility industry.

Reorganization and Privatization

In 1992, the business of Nova Scotia Power Corporation (NSPC) was privatized. In effecting this, NSPC transferred all of its existing assets, liabilities and retained earnings except for long-term debt and sinking fund assets to NSPI in exchange for matching notes receivable equivalent to outstanding long-term debt, net of matching notes payable equivalent to sinking fund assets; and 20.1 million fully paid common shares of NSPI.

Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. NSPC changed its name to Nova Scotia Power Finance Corporation (NSPF) and continues to hold the long-term debt and sinking fund assets.

1. Summary of Significant Accounting Policies

a. Unbilled Revenue

NSPI records an estimate of revenue for service rendered but not yet billed to customers.

b. Deferral of Point Aconi Expenses

The Point Aconi generating station became operational in March 1994. Under regulatory authority, the Company is permitted to defer a portion of the depreciation and interest expense pertaining to Point Aconi, together with an imputed cost-of-capital charge, during 1994 and 1995. Beginning in 1996, and continuing through 1998, the deferred amount will be amortized to earnings annually.

c. Property, Plant and Equipment

Property, plant and equipment are recorded at original cost net of contributions in aid of construction. Expenditures for additions, replacements and improvements, which are comprised of direct labour, material, engineering, and related overhead costs, are capitalized whereas repairs and maintenance are charged to operations. For property, plant and equipment replaced or renewed, the original cost plus any removal costs incurred, net of salvage, are charged to accumulated depreciation.

Depreciation is provided on the straight-line method, based on the estimated remaining service lives of the depreciable assets. The estimated average service lives for the major categories of plant in service are summarized as follows:

Functions	Average Service Life in Years
Generation:	
Thermal	38.6
Gas Turbine	33.9
Hydroelectric	70.2
Transmission	42.3
Distribution	32.4
General Plant	13.9

The estimated service lives of depreciable assets and the significant assumptions underlying the estimates of removal costs are subject to periodic review by the UARB. Provisions for future removal and site restoration costs are amortized to depreciation expense over the life of the related assets. As at December 31, 1994, the Company had recorded an estimated liability for future removal and site restoration costs of \$9.8 million (1993 - \$8.9 million).

*d. Allowance for Funds Used
During Construction*

NSPI provides for the cost-of-capital invested in construction work in progress by including an allowance for funds used during construction as an addition to the cost of property constructed using a weighted average cost-of-capital. This amount represents non-cash income which will be charged to operations through depreciation over the service life of the related assets and recovered through future revenues.

e. Inventory

Inventory is valued at the lower of cost and replacement value.

f. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date that relate to long-term debt, less matching notes receivable, are recorded as deferred charges or credits. All other exchange differences are charged to operations. The deferred charges or credits are amortized over the remaining life of the related debt issue.

Non-monetary items are translated to Canadian dollars at historical exchange rates.

Revenue and expenses are converted at rates of exchange in effect at the date of the transaction.

*g. Debt Financing and
Restructuring Costs*

Financing costs pertaining to debt issues are amortized over the life of the related debt.

The excess of the cost of defeasance investments over the face value of the related NSPF debt are deferred and amortized over a period not to exceed the life of the related NSPF debt. The costs and benefits arising from the issuance of new NSPI debt at different rates than the existing NSPF debt are brought into earnings as realized.

h. Income Taxes

In its April 29, 1994 budget, the Province of Nova Scotia eliminated the Company's exemption from provincial income taxes. The Company has claimed sufficient capital cost allowance and cumulative eligible capital deductions to eliminate its 1994 provincial and federal income tax expense, with the exception of Large Corporations tax and the Part VI.1 tax on preferred dividends.

Under the Canadian Public Utilities Income Tax Transfer Act (PUITTA) and the Privatization Act, an estimated 85.5% of the federal income and large corporations tax paid by NSPI in respect of its electric utility operations will be rebated by the federal government to the Province of Nova Scotia and by the Province to NSPI. The total dollar amount of annual rebates to all utilities from the federal government has been frozen until March 31, 1996 at the total level of rebates granted in the federal government's 1989-90 fiscal period. If the total amount eligible for rebate exceeds the 1989-90 level, the actual rebated portion would fall below the 85.5%. NSPI expects the rebate for its 1994 fiscal year to be at this level.

Income taxes are provided on earnings using the taxes payable method. Accordingly, NSPI does not provide for deferred taxes.

i. Pensions

Pension costs are actuarially determined using the projected benefit method prorated on services and management's best estimate assumptions. Adjustments arising from plan amendments, experience gains and losses, and changes in actuarial assumptions are amortized on a straight-line basis over the remaining working years of the employees. Pension fund asset values are calculated using market values at year-end.

2. Voluntary Separation Program

During 1993, the Company incurred a one-time cost of \$21.7 million through the implementation of a voluntary early retirement incentive and voluntary separation program; 238 employees chose to participate.

3. Interest

<i>millions of dollars</i>	<i>Year Ended Dec. 31, 1994</i>	<i>Year Ended Dec. 31, 1993</i>
Interest on long-term debt	\$ 153.8	\$ 198.9
Amortization of debt financing and restructuring costs	11.3	3.2
Interest on short-term debt	20.7	6.6
Foreign exchange costs	6.7	10.8
	192.5	219.5
Less:		
Matching notes receivable earnings	40.3	47.2
Other investment income	—	11.8
	40.3	59.0
	\$ 152.2	\$ 160.5

4. Income Taxes

	<i>Year Ended Dec. 31, 1994</i>	<i>Year Ended Dec. 31, 1993</i>
	<i>Percent of Income</i>	<i>Percent of Income</i>
Statutory income tax	44.8%	44.8%
Large corporations tax	6.5	4.9
Less:		
Provincial income tax exemption	—	(16.0)
PUITTA	(5.4)	(28.9)
Excess depreciation for tax purposes	(44.8)	—
Effective income tax rate	1.1%	4.8%

Preferred dividends include Part VI.1 tax of \$4.8 million (1993 - \$1.0 million).

At December 31, 1994, the tax value of the Company's assets exceeded the related carrying value by approximately \$890 million (1993 - \$1,030 million). The Company also has a non-capital loss carry forward of approximately \$50 million (1993 - \$nil) expiring in 2001. In accordance with the taxes payable accounting method the Company has not recorded the potential tax benefits related to these amounts in its financial statements. Such potential benefits will be recognized as realized for income tax purposes.

5. Property, Plant and Equipment

<i>millions of dollars</i>	1994		
	<i>Property, Plant and Equipment</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Generation			
Thermal	\$ 1,415.2	\$ 328.1	\$ 1,087.1
Gas turbine	26.2	17.2	9.0
Hydroelectric	277.0	88.4	188.6
Transmission	500.1	142.6	357.5
Distribution	715.5	218.6	496.9
General plant	161.2	45.1	116.1
	\$ 3,095.2	\$ 840.0	\$ 2,255.2

<i>millions of dollars</i>	1993		
	<i>Property, Plant and Equipment</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Generation			
Thermal	\$ 962.8	\$ 289.4	\$ 673.4
Gas turbine	26.1	16.6	9.5
Hydroelectric	275.5	85.1	190.4
Transmission	488.0	131.7	356.3
Distribution	678.1	199.3	478.8
General plant	148.2	49.5	98.7
	\$ 2,578.7	\$ 771.6	\$ 1,807.1

6. Deferred Charges

<i>millions of dollars</i>	1994	1993
Unamortized debt financing and restructuring costs	\$ 203.8	\$ 129.6
Unamortized foreign exchange costs	25.9	38.1
Unamortized Point Aconi costs	24.9	—
Other	17.5	13.1
	\$ 272.1	\$ 180.8

7. Common Shares

millions of dollars

Authorized:

Unlimited number of Common Shares

Issued and outstanding:

	<i>Millions of shares</i>	<i>Common share capital</i>
December 31, 1993	85.2	\$ 650.7
Issued for cash under the Dividend Reinvestment Plan in 1994	0.2	2.7
December 31, 1994	85.4	\$ 653.4

Dividend Reinvestment

The Company has a Common Shareholder Dividend Reinvestment Plan under which common shareholders are entitled to acquire common shares through the reinvestment of dividends.

Stock Options

The Company has options outstanding to certain officers of NSPI to purchase a total of 90,000 common shares at a price of \$11.25 per share. These options expire on July 5, 2004.

8. Preferred Shares

millions of dollars

Authorized:

Unlimited number of First Preferred Shares, issuable in series.

Unlimited number of Second Preferred Shares, issuable in series.

Issued and outstanding:

	<i>Millions of shares</i>	<i>Preferred share capital</i>
6% Cumulative, Redeemable Series A First Preferred Shares	8.0	\$ 200.0

The preferred shares are redeemable at \$25 per share.

9. Long-Term Debt

millions of dollars	1994	1993
Matching notes	\$ 673.8	\$ 1,029.8
Debentures	511.2	300.8
	1,185.0	1,330.6
Less payable within one year	(83.8)	(30.9)
	\$ 1,101.2	\$ 1,299.7

The debentures are issued under a trust indenture and are unsecured.

As part of the 1992 privatization of NSPI, the Company issued matching notes to NSPF in the principal amount of, and with substantially the same terms as, the long-term debt owed by NSPF.

On privatization NSPI and NSPF committed, subject to certain conditions, to eliminate NSPF's long-term debt and NSPI's matching notes through repayment and defeasance of the matching notes by December 31, 1997. Defeasance requires qualifying assets to

be set aside by the debtor to be used solely for satisfying scheduled payments of principal and interest of a specific obligation whereby the possibility that the debtor will be required to make future payments on that debt is remote. As the original NSPF debt is defeased, both the liability and the related qualifying assets are removed from NSPI's balance sheet.

As of December 31, 1994, \$898 million (1993 - \$575 million) or 62% (1993 - 41%) of the total defeasance requirement has been met, which completes all but \$2 million of the 1995 cumulative requirement. An additional \$250 million in debt must be defeased by 1996, with the remaining \$300 million of the approximately \$1,450 million cumulative requirement defeased by 1997.

Long-term debt is summarized by year of maturity and currency in which it is payable in the following table:

millions of dollars	December 31, 1994			December 31, 1993	
Years of Maturity	Principal Outstanding		Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate
	Canadian	U.S.	Total %	Total	%
1994				\$ 19.6	
1995	\$ 153.0	\$	\$ 153.0	102.9	
1996	72.6		72.6	22.8	
1997	280.2		280.2	330.2	
1998	150.0		150.0	150.0	
1999	61.2		61.2	-	
1-5 years	717.0		717.0	625.5	9.16
6-10 years	150.0		150.0	270.9	10.12
11-15 years	72.0		72.0	113.3	11.99
16-20 years	345.0		345.0	150.0	10.88
21-25 years	100.0		100.0	200.0	11.25
26-30 years	-	169.0	169.0	350.4	9.40
	1,384.0	169.0	1,553.0	1,710.1	9.94
Less: Matching notes receivable	346.3	21.7	368.0	379.5	
	\$ 1,037.7	\$ 147.3	\$ 1,185.0	\$ 1,330.6	

Long-term maturities and matching notes receivable (sinking fund) requirements during the next five years, including those in foreign currencies

translated to Canadian dollars at the rate of exchange prevailing at December 31, 1994, and excluding any defeasance requirement, are as follows:

millions of dollars	Long-term Maturities	Matching note Requirements	Total
Year Ending December 31			
1995	\$ 77.7	6.1	\$ 83.8
1996	72.6	2.8	75.4
1997	2.6	-	2.6
1998	150.0	-	150.0
1999	61.2	-	61.2
	\$ 364.1	8.9	\$ 373.0

10. Debt Due Within One Year

Debt due within one year is normally refinanced from the proceeds of longer-term financing.

<i>millions of dollars</i>	1994	<i>1993</i>
Short-term debt	\$ 427.5	\$ 233.9
Current portion of long-term debt	83.8	30.9
	\$ 511.3	\$ 264.8

11. Pension Plans

NSPI maintains contributory defined benefit pension plans that cover substantially all employees. The value of pension fund assets at December 31, 1994 is \$242.0 million (1993 - \$240.2 million). The estimated actuarial present value of accrued pension benefits attributed to services rendered to December 31, 1994 is \$260.0 million (1993 - \$254.0 million).

12. Hedging Activities

The Company uses forward contracts and other financial instruments to protect against changes in U.S. dollar exchange rates, short-term interest rates and oil prices.

As at December 31, 1994 the Company has the following hedging contracts outstanding, all expiring in 1995:

- Forward foreign currency contracts covering \$6 million U.S. (1993 - \$5 million) at an average exchange rate of 1.3564 (1993 - 1.2958).
- Interest rate contracts limiting short-term interest on average borrowings of \$150 million to a weighted average interest rate of 7.64% (1993 - \$nil).
- Oil swap agreements at a weighted average price of \$12.81 U.S. per barrel totalling \$13.8 million at the year-end exchange rate (1993 - \$42.4 million).

13. Comparative Information

The comparative figures for revenue and income taxes have been reclassified to conform with the financial statement presentation adopted for 1994 as a result of the change in the Company's income tax status (note 1h).

Five Year Summary Operating Statistics

	Years Ended December 31			Years Ended March 31	
	1994	1993	1992*	1992	1991
Electric energy sales (millions of kWh)					
Residential	3,445.3	3,400.3	3,418.9	3,332.1	3,247.9
Commercial	2,455.4	2,440.1	2,410.9	2,369.3	2,340.9
Industrial	2,715.0	2,706.3	2,624.6	2,636.8	2,750.6
Other	350.2	347.4	347.5	343.0	334.9
Total electric energy sales	8,965.9	8,894.1	8,801.9	8,681.2	8,674.3
Sources of energy (millions of kWh)					
Thermal					
Coal	7,159.7	6,345.6	5,994.0	6,110.1	5,433.3
Oil	1,205.7	2,117.2	2,469.5	2,184.6	2,294.7
Hydro	1,012.0	877.6	875.0	1,019.1	1,179.0
Purchases	216.2	218.9	194.7	136.4	510.6
Total generation and purchases	9,593.6	9,559.3	9,533.2	9,450.2	9,417.6
Losses and internal use	627.7	665.2	731.3	769.0	743.3
Total electric energy sold	8,965.9	8,894.1	8,801.9	8,681.2	8,674.3
Customers					
Residential	375,553	371,270	365,672	361,461	356,359
Commercial	32,342	32,289	31,143	32,204	32,286
Industrial	1,581	1,537	1,533	1,501	1,479
Other	5,731	5,596	5,518	5,460	5,453
Total customers	415,207	410,692	404,866	400,626	395,577
Generating nameplate capacity (MW)	2,299	2,129	2,129	2,129	1,964
Number of employees	2,181	2,213	2,437	2,435	2,556
km of transmission lines (69 kV and over)	5,208	5,339	5,114	5,099	5,004
km of distribution lines (25 kV and over)	24,362	24,344	24,512	24,001	24,243

* For the purpose of illustrating the twelve months ended December 31, 1992, the last three months of NSPC's fiscal year ended March 31, 1992 were combined with the nine month period ended December 31, 1992.

1992–1994 Summary Financial Information

<i>millions of dollars</i>	<i>Years Ended December 31</i>		
	1994	1993	1992*
Total revenue	\$ 715.6	\$ 709.1	\$ 695.4
Cost of Operations			
Fuel for generation and power purchased	246.6	246.7	244.5
Operating, maintenance and general	156.4	155.5	159.7
Voluntary separation program	—	21.7	—
Depreciation	83.1	70.6	79.4
	486.1	494.5	483.6
	229.5	214.6	211.8
Deferral of Point Aconi expenses	24.9	—	—
Allowance for funds used during construction	9.6	46.1	40.8
Earnings before interest and income taxes	264.0	260.7	252.6
Interest, net	152.2	160.5	190.4
Earnings before income taxes	111.8	100.2	62.2
Income taxes, net	1.0	4.8	0.6
Net earnings before dividends	110.8	95.4	61.6
Preferred dividends	16.8	3.9	—
Net earnings applicable to common shares	94.0	91.5	61.6
Common dividends	64.8	63.9	16.0
Earnings retained for use in Company	\$ 29.2	\$ 27.6	\$ 45.6
Property, plant and equipment, net	\$ 2,275.6	\$ 2,264.0	\$ 2,208.7
Deferred charges	272.1	180.8	90.9
Current assets	212.9	234.2	201.1
<i>Total assets</i>	\$ 2,760.6	\$ 2,679.0	\$ 2,500.7
Common shares	\$ 653.4	\$ 650.7	\$ 650.0
Retained earnings	152.2	123.0	99.1
Preferred shares	200.0	200.0	—
Long-term debt	1,101.2	1,299.7	1,537.7
Current Liabilities	653.8	405.6	213.9
<i>Total equity and liabilities</i>	\$ 2,760.6	\$ 2,679.0	\$ 2,500.7
Capital expenditures	\$ 94.7	\$ 125.9	\$ 263.6
Cost of fuel – coal	\$ 204.4	\$ 179.6	\$ 173.3
Cost of fuel – oil	35.2	60.5	65.2
Power purchased	7.0	6.6	6.0
<i>Total cost of fuel and power purchased</i>	\$ 246.6	\$ 246.7	\$ 244.5

* For the purpose of illustrating the twelve months ended December 31, 1992, the last three months of NSPC's fiscal year ended March 31, 1992 were combined with the nine month period ended December 31, 1992. On August 10, 1992, Nova Scotia Power Inc. acquired the operating assets of Nova Scotia Power Corporation, a Crown Corporation which had generated, transmitted and distributed electricity in Nova Scotia since 1919.

Board of Directors



Joseph A.F. Macdonald, QC,
Chairman of the Board



Louis R. Comeau



Sir Graham Day



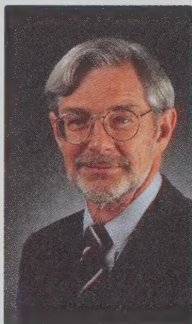
Marc de Logeres



Thomas R. Hall



M. Edward MacNeil



Derek Oland



Dr. Elizabeth Parr-Johnston



Kenneth C. Rowe



Rosemary Scanlon



Paul D. Sobey

Committees of the Board

Audit Committee

Paul D. Sobey, *Chair*
Marc de Logeres
Thomas R. Hall
Derek Oland
Rosemary Scanlon

Management Resources and Compensation Committee

Dr. Elizabeth Parr-Johnston, *Chair*
Sir Graham Day
M. Edward MacNeil

Nominating Committee

Kenneth C. Rowe, *Chair*
M. Edward MacNeil
Derek Oland

Executive Officers



Louis R. Comeau
President and Chief Executive Officer



Terry MacDonald
Vice President, Engineering and Environment



Gary Oickle
Vice President and Chief Financial Officer



Robbie Shaw
Vice President, Marketing and Public Affairs



Phil Sidebottom
Vice President, Power Production



George White
Vice President, Customer Service



Len White
Vice President, Human Resources



Rick Smith
Secretary and General Counsel

Investor Information

Common Share Information

Earnings per common share for the year ended December 31, 1994 were \$1.10. Four quarterly dividends of \$.19 per share were paid in 1994. A dividend reinvestment plan is available to all common shareholders resident in Canada.

Share Trading Summary *(TSE)* *(January to December 1994)*

Shares outstanding	85.4 million
High market price	\$13.38
Low market price	\$10.63
Closing price	\$11.13
Volume	22.2 million

Preferred Share Information

8,000,000 6% preferred shares were issued in October 1993 and are outstanding. A quarterly dividend of \$.375 is payable on the first day of January, April, July and October. Market value at December 31, 1994 was \$23.50.

Shareholder Inquiries

Shareholder inquiries may be directed to Investor Services

by calling;

902 428-6060

or by writing to;

Nova Scotia Power Inc.

P.O. Box 910

Halifax, Nova Scotia

Canada

B3J 2W5

Share Transfer Agent and Registrar

Montreal Trust

1690 Hollis Street

P.O. Box 2187

Halifax, Nova Scotia

Canada

B3J 3C5

Market Trading

Nova Scotia Power Inc. shares are traded on The Toronto Stock Exchange and The Montreal Exchange. The trading symbol for common shares is NSI, and the symbol for preferred shares is NSI1A.

Dividend

Common share dividends are payable on or about the middle of the months of February, May, August and November. A dividend of \$0.195 per share has been declared payable February 15, 1995.

Direct Deposit Service

Shareholders may have dividends deposited directly into accounts held at financial institutions which are members of the Canadian Payments Association. To arrange direct deposit service, please write to Investor Services at the address noted to the left.

Annual Meeting

Shareholders are invited to attend the Annual Meeting at 11 a.m. on Thursday, April 20, 1995, at the World Trade and Convention Centre, Halifax, Nova Scotia.

Nova Scotia Power's 1993 annual report featured six successful young Nova Scotia athletes preparing for competition on an international level. The following is an update on their activities and achievements over the past year and their plans for the future.

Steve's 1994 competitive canoeing season got off to a great start. He placed second in the C-1 1000m event and fourth in the C-1 500m event at the Duisburg international regatta in Germany, and brought home two gold medals in those events at a World Cup regatta in Paris. In August, Steve won three gold medals at the National Championships, setting three Canadian records.

The World Championships held in Mexico in September were a disappointment for Steve, where he finished eighth and ninth in the 500m and 1000m. Far from being discouraged, Steve continues to set his sights high: winning the C-1 500m and C-2 1000m events at the 1995 World Championships in Duisburg, and, as always, to be on the podium at the 1996 Olympic Games in Atlanta. In September, Nova Scotia Power assumed corporate sponsorship of Steve, who acts as an ambassador, representing the company at national and international meets, and participating in corporate functions. Steve is currently in his fifth year at Dalhousie University pursuing a degree in physics.

Steve Giles



In the summer of 1994, after a disappointing showing at the Commonwealth Games swimming trials, Iona decided to take a two-year break from her physical education studies at the University of New Brunswick. In October, she relocated to Perth, Australia, where she is training with the AMP West Coast Swim Club and working part-time in a book bindery. She plans to take the opportunity to travel and explore Australia, and hopes the less stressful lifestyle will contribute to strong performances in the pool. Iona's short-term goal is to earn a place on Canada's national team at the trials this July, with an eye to the Pan Pacific Games later in the summer. Her long-term goal is to qualify for the Olympic Games at the trials which take place in Montreal next spring.

Iona Allen



Heather has remained extremely competitive during the past year, maintaining a high level of athletic achievement in fencing. March 1994 saw Heather a bronze medal winner in women's épée at the US elite circuit event in San Francisco. In August at the Senior World Championships in Athens she was named top Canadian and again at the Senior World Cup in Belgium in November. She captured bronze at the 1994 Commonwealth Fencing Championships and in December placed eighth at the second US elite circuit event. During 1994, Heather was twice named Sport Nova Scotia's Athlete of the Month and is currently ranked at number two among Canadian women fencers. She most definitely has her sights set on the 1996 Olympics.

Heather will graduate from McGill in April 1995 with a degree in Latin American studies and plans to take another year there in preparation for law school.

Heather Landymore



Andrew is currently in his second year at Nichols State University in Louisiana, where for the second consecutive year he made the President's list. He is on a track and field scholarship taking a bachelor of science degree majoring in accounting, and training and competing year-round. He intends to continue at Nichols and complete a master's degree.

In June 1994, performing with eight personal bests, Andrew won gold in the decathlon at the Francophone Games trials, earning a place on the Canadian team to the Games held in Paris. There he placed seventh in his first international meet. In July, he finished sixth at the Commonwealth Games trials, just short of a spot on that national team. Andrew's immediate goal is to earn a place on Canada's team to the International Student Games to be held in Tokyo in August 1995. The possibility is there for Andrew to be an Olympic contender in 1996.

Andrew Grady



Sandy graduated in the spring of 1994 from Acadia University with a BSc in math. During the summer, she worked as a labourer on the set of *A, The Scarlet Letter*, which was being filmed in her hometown of Shelburne, Nova Scotia. Still entirely self-coached, Sandy competed in the javelin event at the Commonwealth Games trials in July. Her best throw of the year placed her just three places short of a position on the national team.

At this point, Sandy's options for the future are broad. She is considering a move to Ottawa where she can train with a national level coach and perhaps continue her education there in the direction of teaching or law. Entering the work force is another option and counselling at a youth centre in Shelburne holds some interest for her. At present she volunteers as a Special Olympics coach. Sandy continues to maintain her fitness level and competes whenever possible while she ponders her future.

Sandy Taylor



During the summer of 1994 Alison taught sailing and competed. She won the Eastern Canadian Women's Championship and went on to capture the Canadian Laser Radial Championship in August.

Alison completed a master's degree in Renaissance literature at the University of Toronto in September and is now taking a break from academic life. She is on a Student Work Abroad Program (SWAP) in Cork, Ireland, where she works as a pub waitress and sails — training and familiarizing herself with a different international class of boat, the Europe Dingy. Alison finds Cork a very strong sailing community with year-round opportunity to train and generous news coverage.

Financial limitations forced Alison to forego plans to compete in the 1995 Pan Am Games. For now, she will train with an eye on the Olympic trials in the spring of 1996 and securing a place on Canada's national sailing team. Beyond that, she will continue her education in the direction of teaching.

Alison MacNeil



System Map

Facilities

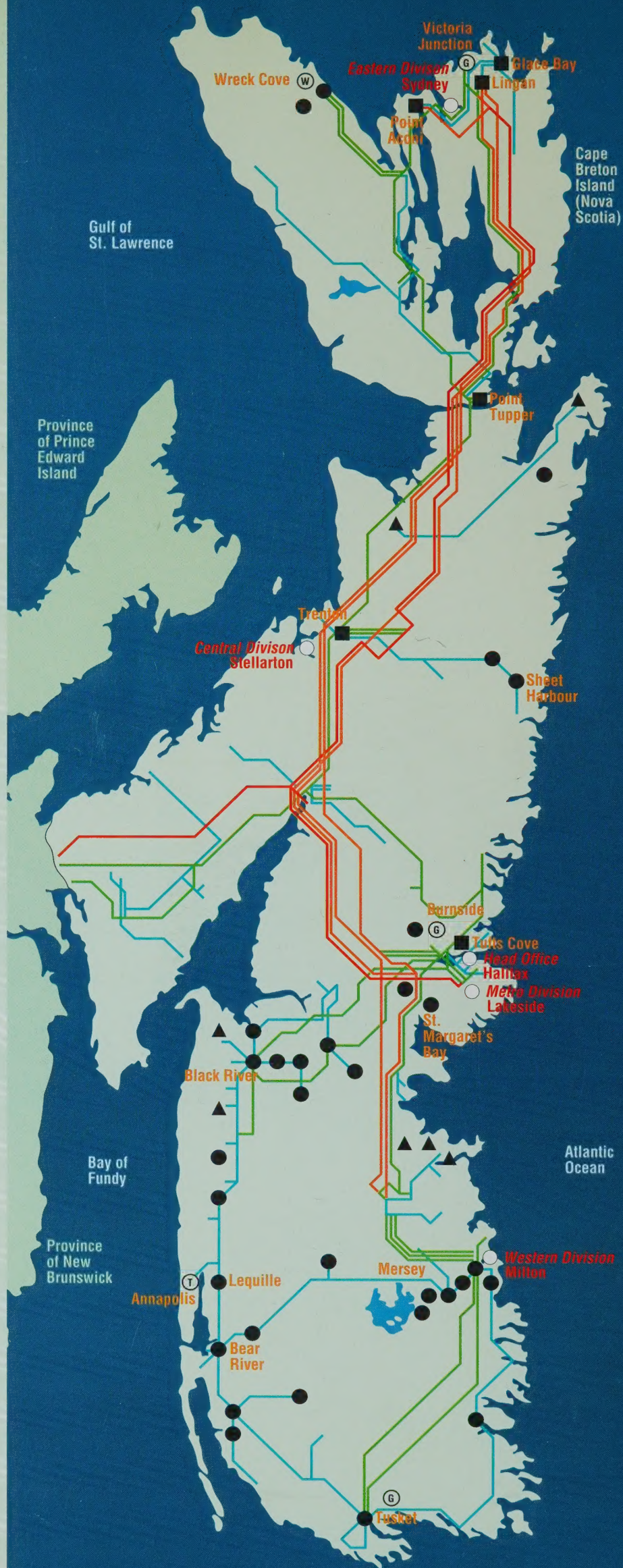
- Offices
- Hydro Plant
- Steam Plant
- ▲ Municipal Utility
- Ⓜ Wind Turbine
- ⓖ Gas Turbine
- Ⓣ Tidal

Transmission Lines

- 345kV
- 230kV
- 138kV
- 69kV

North

50km
10km



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